

# Nation's Business<sup>®</sup>

Published by U.S. Chamber of Commerce • \$2.50

**New Approaches In  
Economic Development**

**Computer Packages  
To Meet Special Needs**

**Health-Care Reform  
Nears Crisis Stage**

## Beating Back The Competition



SEPTEMBER 1994



09

*Banquet-center owners Lynn and Charles Lazzara went all out to fight off a rival. You should be ready to do the same.*



These days, all it takes is a little success to overload your business. The more you demand of your computers, the slower things can get. Well, that's because PCs are made to be PCs. And at this point, what you really need is a server—the most efficient way to get your PCs working together.

So we'd like to introduce you to the Compaq ProSignia VS. Now, for the price of a desktop, you can get a real, industrial-

strength server made by the company who knows the technology best. (Compaq is recognized as the world leader in servers.®)

Unlike a PC, the ProSignia VS is specifically designed for the job of powering a computer network in small- to medium-sized businesses. It's optimized for high-speed file transfers, to eliminate the finger-tapping during everyday tasks, like calling up a customer record to take an order. It also expands easily to





NOW THAT YOUR BUSINESS IS GETTING  
A LITTLE BIGGER, GUESS YOU'LL  
BE NEEDING AN OFFICE MANAGER.



provide vast, centralized storage as your business grows larger.

And while most servers are complicated, the ProSignia VS can make your life easier. Our optional CD-based SmartStart simplifies the whole process of setting up a reliable system. And Insight Manager (also an option) keeps an eye on key parts, pinpointing problems *before* they can disrupt operations.

Of course, the ProSignia VS also provides the security of

Compaq's three-year on-site warranty\*\* and 24-hour support line.

To find out how you can give your company more agility as it grows, visit an authorized Compaq reseller. If you'd like more information, or if you'd like the name of your nearest reseller, call us at 1-800-638-8258, ext. 450. We can show you the best kind of office manager: One that works as hard as you do.

**COMPAQ**



# Nation'sBusiness<sup>®</sup>

Published by  
U.S. Chamber of Commerce  
Washington, D.C.



PHOTO: STEW KELLY—BLACK STAR

Children's clothing company president Donald W. Geis and designer Melodee Chen strengthened their firm's competitive edge after it was buffeted by imports. Cover Story, Page 18.



PHOTO: T. MICHAEL KEZZA

A Republican health-policy forum featured, among others, Sen. Bob Packwood of Oregon, left, and House Minority Whip Newt Gingrich of Georgia. Health-Reform Watch, Page 26.

## COVER STORY

### 18 Beating Back The Competition

Be grateful for your rivals. They force you to turn your business into a top performer.

21—*Slaying The Giant—Without Cash*

24—*When YOU Are The Competition*

## HEALTH-REFORM WATCH

### 26 Health Reform Nears A Showdown

Democratic leaders in the House and the Senate hurry to assemble enough votes to pass legislation that President Clinton would sign.

## WORKPLACE

### 30 Smooth Moves

Relocating doesn't have to be a nightmare; planning and attention to detail can help avoid costly mistakes.

30—*For More Information*  
32—*Relocation Tips*

## SMALL-BUSINESS COMPUTING

### 33 Customizing Your Office Technology

This special report looks at combinations of components that meet specific business needs.

## FAMILY BUSINESS

### 42 Successful Families' Winning Ways

Discovering what makes family firms prosper; carrying on a pioneer's work; avoiding a potential conflict.

## ENTERPRISE

### 46 Blue Chip Commendation

Small businesses are urged to apply now for the Blue Chip Enterprise Initiative awards.

47—*Real-Life Lessons*

## REGULATION

### 50 Mandates' Foes Smell A Victory

Businesses as well as state and local governments may get some relief as Congress responds to a wave of outrage.

## EDUCATION

### 51 Training Workers In The Three C's

Knowledge of a firm's culture, context, and core competencies helps ensure that employees are working toward the company's goals.

52—*Help On Developing A Training Program*

## MARKETING

### 54 What's In A Name

Here's how to get a handle on creating an identity for your product or company.

## ECONOMIC DEVELOPMENT

### 56 States Scramble For Fewer Prizes

The rush is on to attract new businesses and retain existing ones.

## ENVIRONMENT

### 62 Voluntary Efforts To Cut Pollution

Small firms are devising their own strategies, and the EPA is encouraging the trend.

63—*Voluntary EPA Programs*

## POLL RESULTS

### 77 Readers' Views On Penalties

Respondents to the July Where I Stand strongly opposed a proposal to sharply increase federal civil penalties.

## WHERE I STAND

### 76 On The 1994 Elections

These questions ask how readers will approach the forthcoming elections for all U.S. House seats, for 35 seats in the U.S. Senate, and for the governorship in 36 states.



# Editor's Note

## Small Business's Top Priority

The information needs of small businesses often vary by the type of company and the particular problems they face at any one point. But this month's cover story, on Page 18, deals with a subject of permanent interest to practically all entrepreneurs—beating back the competition. Whatever the challenges of a given day, that subject remains paramount. This cover article by Special Correspondent Sharon Nelson describes how several small businesses defended themselves against tough competition, and it also provides guidelines for you to follow in developing your own strategies to deal with rivals. This is must reading.



PHOTO: SFP, BENTLEY-BLACK STAR

California's investment climate is improving, says Gov. Pete Wilson. *Economic Development*, Page 56.

### DEPARTMENTS

- 4 Letters
- 7 Entrepreneur's Notebook
- 8 Dateline: Washington
- 10 Managing Your Small Business
- 13 Making It
- 66 Free-Spirited Enterprise
- 67 It's Your Money
- 69 To Your Health
- 70 Direct Line
- 73 Classified Ads
- 78 For Your Tax File
- 79 Editorials



PHOTO: EILEE ANDERSON

You'll find that many of the companies featured in the cover story are Blue Chip Enterprises chosen as such in an annual program to identify entrepreneurs who have overcome major challenges through especially innovative survival techniques. The process for choosing the companies that will be 1995's Blue Chip Enterprises is about to start. The article beginning on Page 46, "Blue Chip Commendation," provides details that will help you decide whether your company is a candidate for this select group.

This month's Where I Stand questions (Page 76) ask how you plan to vote in the congressional and, in many states, gubernatorial elections Nov. 8. Whatever your intentions are, you won't be voting for anybody on that day if you don't register.

While business people are understandably concerned over government policies that threaten the enterprise system, a surprisingly large number of them don't take the basic steps needed to bring about change: registering and voting. And while some business people sit on the sidelines, many anti-business candidates win by the narrowest of margins.

Perhaps you have no problems with the way things are going in Washington and in your state capital. But if you do, now is the time to make sure that you are registered and eligible to vote for the people who offer the best prospect for making a difference.



PHOTO: EILEE ANDERSON

*Robert T. Gray*

Robert T. Gray  
Editor

Cover Design: Hans A. Baum  
Cover Photo: ©Shawn Spence

Nation's Business (ISSN 0029-047X) is published monthly at 1815 H Street, N.W., Washington, D.C. 20002-2090. Tel. (202) 462-5656 (advertising), (202) 462-5657 (circulation). Headquarters: 711 Third Ave., New York, N.Y. 10017. Tel. (212) 370-1440. Copyright © 1994 by the United States Chamber of Commerce. All rights reserved. Subscription prices (United States and possessions): one year, \$22; two years, \$39; three years, \$54. For Canada and other foreign subscriptions, add \$20 per year. Second class postage paid at Washington, D.C., and additional mailing offices. Canadian GST #R123104710. POSTMASTER: Send address changes to *Nation's Business*, 4540 Nicholson Court, Kensington, Md. 20151. To inquire about your subscription, or to make a change of address, please call 1-800-438-8582, or in Maryland, 1-800-352-5458. Photocopy Permission: Where necessary, permission is granted by the copyright owner for those registered with the Copyright Clearance Center (CCC), 222 Rosewood Drive, Danvers, Mass. 01923, to photocopy any article herein for a fee of \$1.00 per copy of each article. Send payment to the CCC. Copying without express permission of *Nation's Business* is prohibited. Address requests for reprints to *Nation's Business* Reprints, 1815 H Street, N.W., Washington, D.C. 20002-2090, or call 1-800-462-4090.

Printed in the U.S.A.



# Nation's Business

# Letters

The United States Chamber of Commerce, publisher of *Nation's Business*, is a federation of businesses, trade associations, local and state chambers, and American chambers of commerce abroad.

## CHAIRMAN OF THE BOARD

William C. Marcell

## PRESIDENT

Dr. Richard L. Lesher

## SENIOR VICE PRESIDENT/COMMUNICATIONS

Dr. Carl Grant

## VICE PRESIDENT/PUBLISHING

David A. Roe

## EDITOR

Robert T. Gray

## MANAGING EDITOR

Mary McEwen

## ASSISTANT MANAGING EDITORS

Terence F. Shea, Roger Thompson

## SPECIAL CORRESPONDENT

Sharon Neltun

## SENIOR EDITORS

Joan C. Stabo, Albert G. Holzinger

Michael Barrios, John S. DeMott

## ASSOCIATE EDITORS

May Whittemore, David Warren

Robert Maynard, Dennis Fitzgerald

## SENIOR WRITER

Laura M. Libran

## CONTRIBUTING EDITORS

Henry Altman, Ripley Hotch, Julie Candler, John L. Ward

Craig E. Arnold, Jon Pepper, Charles A. Jaffe

Peter Weaver, Albert B. Ellentuck, Janet L. Willem

## EDITORIAL ADMINISTRATIVE ASSISTANT

Tia N. Taylor

## ART DIRECTOR

Hani A. Baum

## ASSISTANT ART DIRECTOR

Alberto Pacheco

## SENIOR DESIGNERS

Kathy Renter, Kathleen Vetter, Amy Puglisi

## SENIOR ARTIST

Michael Rook

## PHOTO DEPARTMENT

Laurence L. Levin, photo editor

Frances Berhardt, assistant photo editor

T. Michael Kosa, chief photographer

## ART PRODUCTION ASSISTANT

Theodore D. Taylor

## PRODUCTION DIRECTOR

Sheila Yoder

## PRODUCTION COORDINATORS

Stephanie Janowski, Ginger Tracy Hill

## PRODUCTION ADMINISTRATOR

Seretha Armstrong

## U.S. ADVERTISING

Robert H. Gotshall, marketing director

(510) 354-1180

Pete McCutchen, Eastern advertising director

(212) 370-1440

Kathleen Brown, administrator

## ADVERTISING MANAGERS

Atlanta (404) 359-0140

Bob McWaters

Chicago (312) 546-3025

Richard Knepler

Dallas (214) 387-0404

Richard Chalkley

Southfield, Mich. (313) 354-1180

Richard Topous, Michael McNew

Los Angeles (213) 601-1495

Tom Bowman

New York (212) 370-1440

Jeffrey V. Camporino, Neil Hanson

Burt McDonnell, Laura A. Walsh

San Francisco (415) 421-7436

Richard A. Sands

## CLASSIFIED ADVERTISING

(202) 462-5660

Maria Scher, director

Marcus Musser, sales representative

## INTERNATIONAL MARKETING

(202) 462-5716

Ed Motaz Soobid, director

## CIRCULATION

Elizabeth A. Allen, director

Larry Oliver, manager

Liana Glavin, marketing services manager

Tasmin Washington, circulation coordinator

## PROMOTION AND RESEARCH

Janine Grossman, director

Nancy Swanson, research manager

Diane Lewis, promotion coordinator

## How The West Might Be Lost

Your article in the July issue on private use of public land, "A New Battle For The West," was very well done. There are, of course, all kinds of descriptions of this struggle. Some view it as an effort to save the environment; others see it as the end of economic development in the West.

The war on the West is orchestrated by Interior Secretary Bruce Babbitt and is



PHOTO: GARY BURNETT—CONTACT PRESS IMAGES/SPR

*Secretary Babbitt has stirred controversy over federal land management.*

certainly not confined to rangeland reform. It goes to the future of mining, exploration and production of oil and gas, royalties on the mineral trona, states' water rights, endangered species, and the National Biological Survey. All of these issues affect folks living throughout the West. In sum, it deals with opportunity for Western states, where much of the land is owned by the federal government. It's about whether or not these states will have an economic future.

The real question regards the multiple use of public resources, giving consideration to the care of the land and the resources and the environment, and to balanced economic development and the production of jobs and a tax base.

*Rep. Craig Thomas, R-Wyo.  
Washington*

## Liquidation Of Ideals

I read with interest about Bruce Babbitt's scheme to liquidate the ideals of the West. As a man reared in mining camps, where people work hard for a living and have something to show for it at the end of a day, and as a businessman who makes his living in the mining industry, I must say that the interior secretary's plans for the West give me a feeling of dread.

*Steve Cone*

*President and General Manager  
Cone Geochemical Inc.  
Lakewood, Colo.*

## Knee-Jerk Reactions On Health Care

As a partner in a tiny business that has found a niche in a very competitive market, I am amazed at the knee-jerk "small-business" reactions I read in *Nation's Business*.

Six years ago, we decided that providing health insurance to our employees was critical to keeping a skilled staff. Our competitors—larger than us—do so, and we really have no choice. We insure fewer than 10 people. A business the size of mine has been, and continues to be, held ransom by the health-insurance industry. Our health-insurance premiums continue to rise, and our benefits and flexibility continue to decrease.

We're too small to take advantage of the price breaks larger businesses are offered. We're not allowed to form our own "group," which could include other tiny companies that find themselves in a similar position. And this year, one of my key employees was diagnosed with diabetes. The issue of pre-existing conditions now limits us even further.

I am amazed when I hear criticism that President Clinton's plan would cost small business more. It would, for my business, immediately save us money.

*Robin Brenner, Partner  
Billie Brenner Ltd.  
Boston*

## Skewed Priorities

I suggest that *Nation's Business* ask the president, the first lady, and Congress why they are so set on having employers pay for everyone's health care when they spend so much of our tax dollars on foreign aid.

*Ben Carpenter  
Carpenter Pole & Piling  
Wiggins, Miss.*

## It's Time To Close Our Borders

Your August *Where I Stand* survey contained two questions that I could not answer. The questions asked readers if the federal government should reimburse state and local governments for the cost of providing social services for illegal aliens and for the expense of prosecuting and incarcerating illegal aliens involved in crimes. Answering yes or no implies that we should continue to tolerate illegal immigration.

We are running out of natural and man-made resources, but we still endure virtually unlimited immigration—legal



and illegal. I feel that we need to effectively close our borders.

*Rebecca Lee Baisch, President  
Engine Weld & Machine Co., Inc.  
Idaho Falls, Idaho*

[Editor's Note: It has long been established U.S. policy to prevent the entry of illegal immigrants. The questions dealt with pending proposals on what policies to adopt toward individuals who have gained entrance despite intensive efforts to keep them out.]

## Enough Is Enough

Let's suppose I were able to impersonate a postman and get myself on the payroll of the U.S. Postal Service to provide food, shelter, and health benefits for my family. If I were caught, would the post office continue to send me a paycheck and provide health benefits for my family?

Why, then, do we treat illegal aliens better than we treat our own citizens? And why do we let anyone else become a citizen of this country when we can't even take care of our own?

This "lifeboat" is full.

*Randy Godeau  
Bay Area Kitchens & Baths  
Webster, Texas*

## The Immigration Farce

I endorse Dorothy 'Labi's letter in the July issue, "Productive Immigrants Are Overlooked." Our family of four received green cards in 1982, three years after we applied and purchased our business. We were required to undergo health examinations that were insulting. Just as insulting was a requirement that we—who had emigrated from our birthplace in England—prove that we could write and speak English. Meanwhile, others who just "hop the fence" are given green cards in an amnesty.

Immigration is a farce evidenced by the occasional lottery in which legal applicants "win" admittance, while thousands of illegals pour over our border nightly. It makes this great country look silly.

*Lyn Board  
Sign-Wize  
Pomona, Calif.*

## Who Is Responsible?

August's Where I Stand sought answers to questions about illegal aliens, such as, who should be responsible for their welfare: the federal government or the states? But nothing was said about the country of origin. Why not focus on efforts to make such a foreign government responsible for the costs incurred here?

*Jay Barker  
Innerfax, Inc.  
Northbrook, Ill.*

## China Doesn't Merit Most-Favored-Nation Status

I will never understand the reason behind giving China most-favored-nation trade status. By relying on slave labor, China is able to flood our country with inexpensive



products. Our government, on the other hand, passes laws to "protect" the employee (i.e., family leave, workers' compensation, FICA, etc.). The American business person has to spend more, and job growth is suppressed. Meanwhile, our government rolls out the "red" carpet for China to unload its goods here—cheap.

We are not making the people of China better off. We are instead strengthening the Communist government with our American dollar. The most-favored-nation trade status should be revoked.

*Rhonda Morke  
Morke's Chocolates  
Palatine, Ill.*

## New Policy Covers Patent Infringement

In addition to the new coverage discussed in your June article, "Special Coverage For Special Risks," an important new insurance product was introduced earlier this year by National Union Fire Insurance Co., of Pittsburgh. This subsidiary of New York-based American Insurance Group has become the first major U.S. commercial insurer to provide coverage for claims of patent infringement.

The new policy comes in response to the ever-increasing number—and cost—of patent infringement lawsuits. Each year, about 1,500 new patent actions are filed in U.S. courts. American Insurance Group's policy provides coverage for expenses incurred in defending such a lawsuit, as well as for any liability found for infringement (up to present policy limits of \$5 million).

*Steven D. Glazer  
Registered Patent Attorney  
Weil, Gotshal & Manges  
New York*

## Disturbing Trends In Liability Law

I read with interest Tom Determan's letter in the August issue regarding

existing liability laws, the subject of the May Where I Stand poll.

What we cannot forget is the current push by members of the legal profession to expand the scope of these liability laws through the courts, instead of through the legislatures.

Of particular interest are the liability theories that are being advanced and, in some cases, upheld in cases involving firearm manufacturers, tobacco companies, bars, and beer and liquor distributors.

For example, there are several states that have gone to court to force tobacco companies to repay those states for health-care costs that are alleged to have been incurred as a result of tobacco use. Similar claims have been made regarding firearms and alcohol under the premise that such dangerous products should be held to a standard of absolute liability.

A trial lawyer might say that these are very specialized cases and that one cannot extrapolate from them regarding general liability law.

Once adjudicated, however, these matters become case law and, as such, point to absolute liability on the part of business without any defense regarding the use of the product.

*Wayne Hooks  
Nichols, S.C.*

**\$50,000, \$100,000, to over  
\$200,000 Per Year!**

**What Is Your Income Potential?  
It's Up To You!**

*Specialist Arbitration firm seeks  
Affiliates nationwide. (Problem Business Debts, Bank Loans, R.E. Mortgages). You will be trained in the Valcor European System for Debt Arbitration, Negotiation, & Mediation.*

- ☒ No Experience Necessary
- ☒ Fast Cash Flow from Start
- ☒ Home or Office Based
- ☒ Full or Part-Time
- ☒ Start-Up Costs Approx. \$10,000
- ☒ No Selling
- ☒ Low Operating Costs
- ☒ Vast Market & Limited Competition

**Get The Facts:  
Call for your Free  
Color Brochure & Video**

**(800) 998-9843**

**Valcor Arbitration Services**



## LETTERS

## Subtle Sexism Targets Men

I looked forward to reading the article in the July issue, "No Longer For Men Only." Stories about entrepreneurs—male or female—who succeed de-



ILLUSTRATION: ERIC WESTBROOK

spite great difficulty are always welcome. But I was disturbed by the subtle sexism exhibited by some of the subjects.

The article said, "Women in nontraditional fields find they have to overcome a multitude of stereotypes and misperceptions." Yet Victoria Rosellini, the owner of an ambulance service, said her company got repeat business because she and her

employees are more sensitive to patient needs than her male-owned competitors are. Says who?

The underlying implication is clear: All men are insensitive clods.

Ronald W. Neeley  
Benson, Ariz.

## Too Many Eggs In One Basket?

The August Managing Your Small Business item on small companies that supply major national chains, "Hooking Up With The Big Guys," was interesting and informative. But I could not help noticing that 65 percent of Roses Southwest Papers' business is with McDonald's. Frankly, such a big share of business with any one customer is the last thing in the world I would want.

Herman G. Kirkpatrick, President  
Euro Tool, Inc.  
Lenexa, Kan.

## Specific Guidelines On Hiring A Sales Rep

The suggestions spelled out in "How To Hire A Sales Rep," in the May issue, were extremely relevant, but they were also general. Numerous industry-specific sales-representative organizations like our group—the National Electrical Man-

ufacturers Representatives Association—provide guidelines for negotiating mutually beneficial agreements between sales representatives and manufacturers.

Our organization and other industry-specific associations are members of the Council of Manufacturers Representatives Associations (CMRA), which is based in Geneva, Ill. I am sure that the organization would be glad to put interested parties in touch with appropriate industry-specific associations. The council can be reached at (708) 208-1466, or, by fax, at (708) 208-1475.

Henry P. Bergson, President  
National Electrical Manufacturers  
Representatives Association  
Armonk, N.Y.

## A Starting Point

I was rather disappointed after reading your article on sales representatives. It is clear more consideration should have been given to the Manufacturers Agents' National Association (MANA), based in Laguna Hills, Calif. When considering using sales representatives, an invaluable starting point would be to join MANA. Its standard contracts and other manuals and handbooks help build good relationships with sales representatives.

Michael Freed  
R.C. Hoffman Co., Inc.  
Pasadena, Calif.

## Don't Be Complacent About Business Crime

As a retired New York City police officer and an entrepreneur, I thoroughly commend the March cover story, "Combating Crime." Your article reminded readers that if they haven't been a victim yet, they had better take steps to minimize risk.

I presently consult, train, and lecture on fighting back against business crime. I am also co-chairman of the Brooklyn Chamber of Commerce's subcommittee on business and crime. All too often, I have found, the motivating factor for crime prevention is either being a victim or being in close proximity to a crime.

And I still come across businesses with no inventory system and stores with thousands of dollars' worth of merchandise and no alarm device.

Wake up and smell the gunpowder.  
Bob Marchand  
Business Research and Development  
Brooklyn, N.Y.

## THIS IS THE ONLY BOOK MOST CONSTRUCTION COMPANIES WANT YOU TO OPEN.



If you're thinking about expanding your business, you shouldn't spend a dime until you're well informed. About construction costs. Contractors. Aesthetics. Functionality. It all adds up. Authorized Varco-Pruden Builders specialize in helping businesses prosper. They learn your business and then construct a building around

your business needs. If you're thinking about building a facility, call today for our free book, "A Guide To Building Planning And Construction." We can help build your future.

1-800-238-3246



**Varco-Pruden Buildings**

A United Dominion Company

Built On Superior Service

6000 Poplar Ave., Memphis, TN 38119-0001, 901.767.5100



Send letters to Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000, and include your phone number. You may fax your letter to (202) 887-3437. Because of space limitations, we cannot print all letters received, and those selected for publication may be condensed.



# Entrepreneur's Notebook

By Ted M. Levine

## Been There? Done That?

**S**ince starting the company 34 years ago, I have gone to work more than 9,000 times. On three or so mornings, I have experienced dread or boredom and have felt like pulling up the covers and staying home. But the rest of the time the challenges and opportunities of running a business have been as exciting as they were when I started the company.

That may sound like an exaggeration. After starting a business and making it successful, many entrepreneurs face an anticlimax. They wonder what's next.

These business people have, as they say, "been there, done that." Ironically, they simultaneously reach their goal—success—and tire of it, largely because they fail to stay entrepreneurial.

In the late 1950s, I was looking to turn experience in government into a business. I had helped the commonwealth of Puerto Rico develop a marketing plan and realized there must be other government entities trying to attract tourism and business.

In July 1960, I started Development Counsellors International, a company in New York City that helps such places as Ohio and Australia and Nigeria draw visitors and investors. The company has been profitable 32 out of the 34 years we have been in business. Clients include 35 of the 50 state governments and a dozen foreign countries.

The plain truth is that Development Counsellors does the same thing now that it did in 1960; we only do it differently. If the job hadn't changed over the years, it

might have become an entrepreneurial prison. Here are six ways, from my experience, to maintain the initial excitement so a business person can stay entrepreneurial:

■ Stick to your niche, but change what

preneur is free to concentrate on the part of the business he or she enjoys the most.

■ Use incentives to turn employees into entrepreneurs. Once you have hired people with varied strengths, encourage them to develop ideas that help the company maintain its niche.

At Development Counsellors, we give incentives to associates not only for bringing in new business but also for performing exceptional services to clients and developing new programs. This kind of encouragement gives everyone a stake in the company and makes the office a more enjoyable place to work.

■ Provide for a workable transition. Entrepreneurs, more than most people, believe they will never die. It's sad to see one's vision gutted by lack of energy or loss of health. Whether the changes come from within the family, the organization, or from outside, work to develop people who can extend your vision.

■ Have fun. If you know that there will be a lot of laughter and that a good measure of each day will be enjoyable, it's easy to wake up and go to work, no matter what challenges you face or how many thousands of times you have gone to work before.



PHOTO: ELISA GUINNESS-BLACK STAR

**Still enthusiastically engaged in his field is Development Counsellors Chairman Ted Levine.**

you do. Once you succeed in business, the tendency is to think you are king of the world and can do anything. That's how companies grow into markets that they know almost nothing about.

Instead, an entrepreneur should work harder at what he or she knows. Clients keep getting smarter; the challenge is to stay ahead of them and develop new goods and services that excite the entrepreneur and make the client more vital.

■ Never think of selling out. Three times I have been approached about selling—and once I almost did. But it's rarely fun for an entrepreneur to sell the business and run it for someone else. And because there are better ways to make money than starting a business, money shouldn't be the biggest motivation.

Entrepreneurship is a career. Unless the business was started with a takeover in mind, don't sell until the career is over and it's time to get out.

■ Hire people who make up for your weaknesses. It's best to avoid getting tied up in things you hate or are not good at. By owning up to shortcomings and hiring people to overcome them, an entre-

### What I Learned

*Maintaining a fresh entrepreneurial vision can prevent a successful business owner from falling into a rut.*

Ted M. Levine is founder and chairman of New York-based Development Counsellors International. He prepared this account with Nation's Business Contributing Editor Charles A. Jaffe.

Readers with special insights on meeting the challenges of starting and running a business are invited to contribute to Entrepreneur's Notebook. Write to: Editor, Nation's Business, 1615 H Street, N.W., Washington, D.C. 20062-2000.



# Dateline: Washington

*Business news in brief from the nation's capital.*

## WORKPLACE

### OSHA Sharply Increases Fines For Serious Safety Violations

The U.S. Occupational Safety and Health Administration has dramatically boosted the minimum recommended penalty for willful, serious violations of workplace safety rules. Even the companies least affected by the change—businesses with 25 or fewer employees and a history of safety efforts—face a five-fold increase in the minimum penalty, from \$5,000 to \$25,000 per violation.

The change went into effect over the summer as part of Labor Secretary Robert Reich's plan to focus OSHA enforcement on the most egregious safety violations. The new policy affects willful violations that could lead to the death or serious injury of a worker.

In determining penalty amounts, OSHA inspectors follow complex guidelines in determining whether a willful, serious violation is of high, medium, or low gravity.

Maximum fines for these categories of offenses for firms with more than 250 employees and a less than exemplary safety record are \$70,000, \$55,000, and \$40,000, respectively. The penalties are discounted 30 percent for firms with 25 or fewer employees, 20 percent for companies with 26 to 100 employees, and 10 percent for businesses with 101 to 250 workers. Additional discounts are afforded to companies of all sizes with good safety records.

Companies can either pay OSHA's proposed fines or appeal them to the



### New OSHA Fines For Willful Violations

Maximum fines for three degrees of willful, serious violations of workplace safety rules. Fines for the smallest firms with good safety records are further discounted to \$25,000.

	Number Of Employees			
	251+	101-250	26-100	1-25
High Gravity	\$70,000	\$63,000	\$56,000	\$49,000
Med. Gravity	\$55,000	\$49,500	\$44,000	\$38,500
Low Gravity	\$40,000	\$36,000	\$32,000	\$28,000

SOURCE: U.S. DEPARTMENT OF LABOR

CHART: MICHAEL FROCK

Occupational Safety and Health Review Commission.

Historically, less than 1 percent of annual OSHA citations have been for willful violations, according to agency data. But a serious violation that occurs because a company is unaware of a safety standard can be cited as willful if OSHA believes noncompliance stemmed from indifference toward workers' well-being.

—Laura M. Litvan

## REGULATION

### Federal Group Urges Relief For Small Companies

A recent report from a team of top federal regulators calls for agencies to work together to minimize the cumulative impact of their rules on small business. The effort is needed because business managers are faced with complying with too many overlapping regulations, the report says.

The report—by an interagency Clinton administration task force on regulatory reform—calls for agencies to boost opportunities for small-business managers to comment on rule proposals. It suggests the Internet, an international communications network, as a possible means for

encouraging greater business input.

The administration says its interagency approach to examining the cumulative impact of regulations is unprecedented. It has involved officials from the Labor Department, the Environmental Protection Agency, the Internal Revenue Service, the Food and Drug Administration, the Transportation Department, and the Justice Department in ongoing discussions that began in March.

As a follow-up to the report, the Small Business Administration will conduct a pilot project among the six federal agencies and at least three state governments, which will examine the total impact of federal and state regulations.

—Laura M. Litvan

## INTERNATIONAL TRADE

### Business Pushes Passage Of GATT Legislation

Business groups are conducting an all-out campaign to secure passage of major trade legislation expected to be voted on by the House and Senate in late September or early October.

The measure would implement the latest global trade accord negotiated under the General Agreement on Tariffs and Trade (GATT). The legislation was expected to be sent to Capitol Hill by the Clinton administration in late August.

The Alliance for GATT Now, a coalition of businesses and trade associations, including the U.S. Chamber of Commerce, is urging lawmakers to pass the legislation.

The GATT accord would cut and eliminate tariffs and ease trade restrictions among the 117 countries that signed the pact, known as the Uruguay Round agreement. The tariff reductions would amount to a \$750 billion worldwide tax cut, says Willard A. Workman, vice president/international of the U.S. Chamber.

If the implementing legislation is approved by Congress, the agreement would take effect Jan. 1.

—David Warner

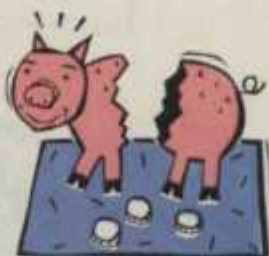


# Smart Solutions™

NUMBER 22-EXPRESS MAIL



**P**erson has to deliver  
50 hats by tomorrow.



Doesn't have  
much money.



Goes to  
Post Office.



Finds out Express Mail® is  
a very smart solution.



Doesn't cost  
much.



Guarantees overnight  
delivery.\*



365 days  
a year.



Person is  
delighted.



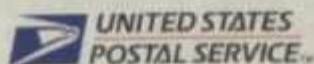
Makes bad pun about taking  
hat off to Postal Service.

For an Express Mail starter kit, call 1-800-THE-USPS, ext. 989.

\*Some restrictions apply. Check your Post Office for details.

©1994 USPS

*Overnight*  
**We Deliver For You.**



Circle No. 6 on Reader Service Card



# Managing Your Small Business

*Keeping in touch with clients and employees; training the next generation; getting your name out.*

By Roberta Maynard

## WORK FORCE

### Forging Ties That Bind

One problem many service companies face is maintaining a close relationship with their clients when it's the companies' employees who have direct contact with the customers.

It's a challenge that Lisa Jacobson, president of Stanford Coaching in New York City, has faced since she started her tutoring business six years ago.

Jacobson has a full-time office staff of six workers and about 40 part-time tutors. The tutors, who are employees, not independent contractors, help her student-clients with academic subjects and exam preparation.

Except when they are teaching students from out of town in the company's office, the tutors work in the students' homes, where they frequently develop bonds with the students and their families.

To maintain a strong connection with her employees and her clients' parents and to ensure that both appreciate the value that the business contributes to the tutor-client relationship, Jacobson has developed a variety of techniques:

- The company does all of the scheduling and matching of tutors to students.

- Jacobson insists on frequent communication. She has designated a staff person to talk with each tutor each week and with parents once every two weeks. This frequent, regular contact guarantees a high company profile and serves as a quality-control check on the tutors' work.

As part of their initial 25-hour training course, new tutors are taught about the company and how a small business works.

"People who work off site don't see how much the company is doing; they tend to feel that they are the whole product," Jacobson says. In the training, "we talk about finance, marketing, and sales, and show them in a pie chart where the money goes."

- To keep tutors involved with the business, the company conducts a formal employee survey every 18 months and has ongoing training programs at Stanford Coaching's offices.

A major concern in the tutoring business is loss of clients to employees. To help prevent this, Jacobson offers many incentives, including several tutor skill levels. Tutors can attain higher skill levels



PHOTO: SARNOLO ABLER

*Lisa Jacobson, foreground, works to maintain strong relationships with students like Kate Miller, left, and instructors like Amanda Road.*

and earn more pay by accumulating points, which parents give in regular evaluations.

In addition, Jacobson pays the tutors to refer students back to Stanford, rather than teach them on their own; and tutors earn bonuses for referrals of both students and prospective employees.

To keep a healthy distance between client and tutor, Jacobson bills directly from the office and charges on a project basis whenever possible so that the company is paid up front. She also uses a noncompete and nonsolicitation agree-

ment with her employees, a practice she recommends to other companies with similar worker situations.

Part of her success with off-site workers, she says, comes from stringent hiring standards. For every 75 individuals who apply, she accepts only one, she says. Those accepted undergo a lengthy hiring process and trial period.

Jacobson says she has found that strict expectations have paid off. "We think of ourselves as the Rolls-Royce of tutoring," she says, "and we try to instill this in our staff."

## GROWTH

### How Small Businesses Plan To Expand

Two-thirds of small-business owners surveyed by American Express plan to expand their business before the end of the year.

The summer survey of 4,741 of the company's small-business corporate-card members shows that purchasing and/or upgrading equipment will be the focus of new spending by 65 percent of the respondents.

Sixty percent of respondents plan to hire additional employees. Adding product lines (40 percent), expanding facilities

(27 percent), and opening new locations (19 percent) rounded out the top five ways these small-business owners said they would expand their businesses. The rankings exceed 100 percent because more than one response was permitted.

When asked about their top five problems this year, two-thirds said they expected health care to be one of them. The other four major concerns were taxes, finding skilled workers, managing costs, and availability of financing.

The survey was conducted by American Express Small Business Services, a unit of American Express Travel Related Services Company, Inc.



# Mita copiers can help any office get out of the stone age.



Still working with prehistoric office equipment? Get a Mita. Every Mita copier Buyers Lab tested earned their highest rating for uptime. For personal to high-speed copiers, call 1-800-ABC-MITA. The times demand

**mita**



## TRAINING

## Creating Workers For Your Business

With luck, cannon replicas won't be the only end-product of a training program started by Roger Sustar, president of Fredon Corp., a precision-machined parts company in Mentor, Ohio. Sustar hopes his apprenticeship program for local high-school students will also encourage them to stay in school and possibly choose a career in manufacturing, perhaps in his own shop.

Sustar began the program two years ago, working with the local Boy Scouts' Explorer program to get a list of high-school boys and girls who showed an interest in manufacturing.

Of the 250 students Sustar contacted by mail, four ultimately joined the first year's training program, which was held at Fredon's plant one hour every Wednesday afternoon from October through May.

The students spent two months learning about milling, turning, forming, and assembly, and then each of them built his own one-tenth-scale replica of a Napoleonic-era, nonfiring cannon to take home at the end of the project.

The students learned something else, too. "Our employees became their friends, not just their teachers," Sustar says. "They talked to them about job skills and shared their trade secrets. They talked to them about how to dress, and how to act on the job. We tell them they can't smoke here. The kids are not in a rush to get out of there each week, either."

Two of the eight teenagers in this year's program have asked Sustar's foreman for jobs. Two others want to get into Fredon's four-year apprenticeship program.

The cannon program costs Fredon about \$20,000 per year. The materials are purchased at cost, and Sustar supplies the labor, with four of his top people receiving time-and-a-half pay for the hours they



PHOTO: SHIRLEY ZANE

**Company president Roger Sustar, center, with employees who taught student apprentices manufacturing skills, from left, Richard Ditto, Joseph Savoca, Ed Kunas, and Chris Sustar.**

spend working with the students. Sustar hopes to get a tax credit from the state of Ohio to continue the program, which is only one of many ways that Sustar is promoting youth apprenticeships.

"All we do is open their eyes to manufacturing and say that manufacturing is alive and a viable business to get into," Sustar says. "I'm afraid that [our society] keeps pushing law and accounting. We want some of the bright kids in this field, too."

Small manufacturers interested in starting similar programs may obtain a copy of the cannon blueprints by writing to Fredon Corp., 7911 Enterprise Drive, Mentor, Ohio 44060. The cost of \$4.75 a kit covers Fredon's costs in reproducing and mailing the blueprints, a photo of the finished cannon, suggestions about how to start the program, and a list of needed materials.

all of the seminars will air from 1 to 3 p.m. Eastern time.

For information, including prices for downlinks and taping rights, call 1-800-835-4730 or (202) 463-5940. A catalog of management-training videotapes, including videotapes of earlier seminars, is available by calling the same numbers.

## Valuation And More

A new guide to buying and selling a business is available free of charge from Price Waterhouse.

The 174-page handbook advises busi-

## MEDIA RELATIONS

## Getting Coverage In Print And On The Air

Persuading the media to cover your business can be exasperating—both for you and for the journalists you approach. Contacting your local media with poorly researched story ideas is likely to result in no coverage and may even turn off reporters and editors who will consider future coverage.

"When business owners turn to the media, they think they can clobber them over the head with an idea and that the reporter should do it," says Greg Matusky, president of Gregory Communications, Inc., a media communications firm based in Ardmore, Pa. Business owners must understand that good media coverage is like good sales—it starts with relationships.

Matusky and other communications professionals offer these tips for approaching the media:

- Get to know your local media. That means read, watch, and listen to the news sources in your market.

- Understand that journalists have specific coverage areas—called beats. If you need help determining which reporter covers your business area, contact an assignment editor at the media outlet.

- Determine how you can help reporters do their job—such as supplying them with relevant statistics or relating what may be an emerging trend that you've noticed among your customers.

- Call the appropriate reporter with your story idea, and ask to schedule a telephone appointment.

- Expect to spend six to 12 months developing contacts in the media before you get results; and, remember, you're likely to see coverage only if a reporter considers your information to be a legitimate story angle.

- Be prepared for rejections.

- Tell the truth.

Check with your local chamber of commerce or other business groups to see if they offer media-relations training seminars. Ideally, seminars include a panel of media representatives from your market.

—Meg Whittemore

## NB TIPS

## New Series Of Seminars

On Sept. 14, John O. Whitney, author of *The Trust Factor: Liberating Profits and Restoring Corporate Vitality* (McGraw-Hill), will lead the first in the fall series of 11 satellite seminars presented by the Quality Learning Services division of the U.S. Chamber of Commerce.

The series' theme is "Creating a High-Performance Work Culture." Seminars will be led by experts on management challenges ranging from marketing to motivating employees.

The series will run through Dec. 6, and

ness people on how to decide whether to buy or sell a company, how to identify potential buyers and sellers, and how to assemble an attractive financing package. Other topics include due diligence investigations, negotiating strategies, and tax considerations.

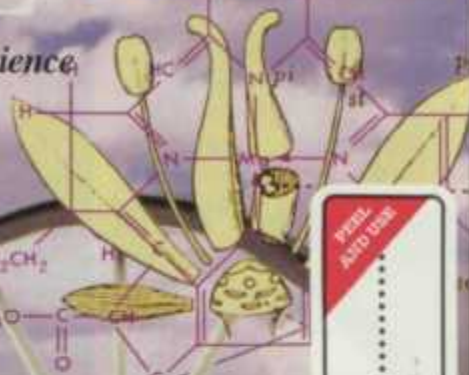
*The Price Waterhouse Buying and Selling a Company Handbook* is available by writing to Douglas D. Calvin, Price Waterhouse, Middle-Market and Growing Companies Group, 1251 Avenue of the Americas, New York, N.Y. 10020, or by contacting the Price Waterhouse office nearest you.





# NEWTON'S APPLE

*Your Window on the Wonders of Science*



PBS  
KIDS DISC

TAPE NEWTON'S APPLE  
ON YOUR LOCAL PBS STATION.



AFFIX LABEL  
TO YOUR  
VHS  
CASSETTE



6000 MILES  
(10000 KM)



Season premiere October 1994 on PBS. Check local listings for airdates.  
Newton's Apple is a production of KTCA TV Saint Paul / Minneapolis and  
is made possible by a grant from 3M.

**3M** Innovation



# UNTIL CENTRAL PARK BECOMES A RESORT, DORAL ARROWWOOD IS YOUR ONLY COURSE.



*When you are looking for the perfect meeting location for your business, nothing comes closer than Doral Arrowwood. Here just minutes from midtown Manhattan, you'll find a monstrously challenging and intriguing golf course winding its way through 114 lush, wooded acres.*

*Our meticulously groomed course surrounds a resort conference center that boasts a multi-million dollar renovation*

*as well as an exceptional level of personal service and luxury. Doral Arrowwood is dedicated to making your next meeting successful and productive. We'll be with you every step of the way: from planning stages through checkout. So until they build a resort with outstanding conference facilities in Central Park, grab your sticks and head for Doral Arrowwood.*

## Doral Arrowwood

Anderson Hill Road • Rye Brook, New York 10573 • (914) 939-5500

*Doral Hotels & Resorts • Award-Winning Resorts & Spas • Deluxe Metropolitan Hotels • Championship Golf Courses • Premier Conference Centers*



# FINNAIR: THE FASTEST CONNECTIONS TO MOSCOW.



## FINNAIR BUSINESS CLASS

Finnair Business Class is designed to make your trip just what you want it to be. And Finnair offers the only non-stop service from New York, San Francisco and Miami to Helsinki. Step up to award-winning Finnair Business Class.



## UNCOMMON SERVICE

From the moment you make your reservation, Finnair has your needs in mind. For example, our new Finnair Club Lounge at the Helsinki airport is equipped with showers, so you can freshen up for a meeting or relax between flights, if you have time.



## EXPRESS CONNECTIONS

In Helsinki, at our compact international terminal, many of the connections to key destinations are "Express Connections" (within an hour). And the longest gate-to-gate walk is well under five minutes. Plus, we offer a host of duty-free stores to make the walk as rewarding as it is close.



## HELSINKI: GATEWAY TO THE BALTIC

If business takes you to Russia, Ukraine, or the Baltics, Finnair via Helsinki is the logical choice. St. Petersburg and Tallinn are minutes away. Moscow, Riga and Vilnius are within two hours. Call your travel agent or Finnair in New York at (212) 499-9026 or **800-950-5000.**



BUSINESS CLASS

Uncommon Concern For The Individual



Helsinki stands midway between East and West, providing easy access to all of Finland, Scandinavia, Russia and the Baltics.





*How do you choose investments? How do you evaluate risk?  
How do you judge return? How do you gauge financial success?  
How do you know that you're right?*

AN INTRODUCTION TO THE INVESTMENT ALLOCATION ACCOUNT BY MARK SPIELBERGER, DIRECTOR, PRIVATE ADVISORY SERVICES

If you're confused or concerned about the investment choices facing you today, you're certainly not alone.

These choices are about where you want to be financially and who can best help you get there.

With that in mind, I'd like to tell you about an innovative new service that we at Chemical Private Banking have designed to help you make these choices with confidence.

**The Chemical Investment Allocation Account** is an individually tailored program for investors with \$200,000 or more. Using no-load mutual funds and applying modern portfolio theory, our investment consultants simplify the often mystifying process of allocating your assets and enable you to define and implement a long-term financial strategy, balancing your individual objectives with your tolerance for investment risk.

**An Individualized Asset Allocation Service.** While many investors elsewhere find themselves stereotyped or pigeonholed, our account conforms to you. In fact, each allocation account is as unique as a fingerprint. Your investment consultant will recommend an initial asset allocation and continue to advise you throughout your relationship with us. However, you will maintain complete control of your investment decisions.

**A Broad Selection of Top-Performing No-Load Mutual Funds.** We don't try to limit you to a particular family of funds—but we do try to direct you to the ones that suit you best. That means funds chosen from a universe of more than 600 no-loads, which your investment consultant has identified using our own sophisticated screening process.

**Comprehensive Performance Analysis.** Quarterly, we will provide you with a thorough report of your portfolio's performance against your own targets and relevant market indices. Further, your consultant will meet with you regularly to ensure that we're on course or to adjust your portfolio when necessary.

**Superior Value.** For all this, you'll pay one annual fee—

based on the value of the account, not on the volume of transactions. Moreover, you'll gain access to the wide array of resources and advisory services of the Private Banking Group at Chemical.

So, whether today's uncertain financial landscape has you puzzled, apprehensive or just plain frustrated, we invite you to explore the advantages of Chemical's Investment Allocation Account.

It may well be the answer to your investment questions. And the path to your financial goals.

To learn more, please call me, Mark Spielberger, at (212) 270-0635.



**CHEMICAL**  
The Private Bank

*Expect more from us.™*

In addition to the Investment Allocation Account's annual fee, each mutual fund bears its own fees and expenses. Mutual funds are not deposits or obligations of, or guaranteed by, Chemical Bank and are not guaranteed by the U.S. Government or insured by the FDIC. An investment in mutual funds entails investment risk, including possible loss of principal amount invested. ©1994 Chemical Bank. Member FDIC.



# Making It

Growing businesses share their experiences in creating and marketing new products and services.

## Business For Art's Sake

By Steven B. Kaufman

**W**hen Sue Scott, a former sculptor and art gallery manager, decided it was time to start a business, the world listened—and yawned. Bankers didn't literally slam a door in her face, but that might have been kinder.

"They said there was no such thing as an artist who could be smart about business," recalls Scott, 40. "They thought my background was crazy and my product idea was crazy."

Undaunted, she got 25 credit cards, took a \$1,000 cash advance on each, and in August 1986 started Primal Lite, an Emeryville, Calif., maker of whimsical string lighting, featuring anything from lobsters and lizards to cattle and laundry.

Primal Lite expects sales of \$4 million this year, up from \$2.5 million in 1993, and people knowledgeable about the company say it could easily hit the \$20 million mark

in five years. Its wares are sold in about 3,000 stores, including Macy's, Target, and Ace Hardware, and 20 percent of its revenues originate overseas.

In 1985, Scott appeared to be at her peak as a sculptor. She had just completed her largest work ever: a two-story light-filled house at Santa Fe's Center for Contemporary Arts. The house had taken six months to create, and as Scott began dismantling the piece after a three-week showing, it dawned on her that she had invested an enormous amount of time for a mighty small payback.

There were also personal tragedies that year. Both her grandfather and father died, and she was divorced from her husband of 13 years.

"I needed to wipe my slate clean and start drawing on a new canvas," says Scott, a lanky six-footer.

She headed for San Francisco and

moved in with her mother for six months while mapping out her next venture: a business. If she failed, she reasoned, she could only blame herself.

But failure was a slim possibility. Ed Valentine, president of Asia Resources Consulting, a Santa Monica trade consulting firm that has been working with Scott for two years, compares her favorably to chief executives of multibillion-dollar companies.

"Sue Scott is a classic achiever," according to Valentine. "She knows what she is after, and she has an unwavering eye on the target. She is truly inspired by success."

Scott's first product was the "Lumasaurus," a \$48 novelty lamp in the shape of a stegosaurus. But it wasn't a hit and, like its forebears, it became extinct.

Recovering quickly, Scott introduced the first two entries in her current line of indoor-outdoor decorative products:

**Artist Sue Scott created a successful business from whimsical strings of lights. The big trout is her conference table.**





Mess-O-Trout and Bunch-A-Lizards. These are strings of plastic trout or lizards that are lit by tiny Christmas bulbs. She got these products on the market in time for the 1988 holiday season. A string of 10 still sells for \$22.

Today, the company offers 45 styles of string lights plus decorative night lights and Coca-Cola memorabilia. In addition,

Scott has established a sister company, Primal Design, which serves the advertising, promotion, and gift industries.

Eventually, Scott would like to tie all of her businesses together under the umbrella of Primal Ranch, which would also include a research-and-development "think shop" and provide workspace for artists and designers who also might want

to make the leap into the commercial world.

"I want to provide an educational component combining business and the arts," Scott says. "I never want to leave my roots in fine arts altogether."

*Steven B. Kaufman is a free-lance writer in San Jose, Calif.*

## Taking Their Cue

*By Randy Myers*

**A**lmost everybody dreams of transforming a hobby into a business. But few succeed on the scale of Dan Janes, an inveterate artisan and self-described "pretty good pool player." His Towson, Md., company, Joss Cues Ltd., is widely recognized as one of the best makers of cue sticks in the world.

Joss cues are tooled from an array of exotic woods, and—depending on the customer—precious inlays such as gold and diamonds. They command prices that begin at a few hundred dollars per cue and quickly climb into the thousands. Customers include collectors, world-class billiards players, and movie star Tom Cruise, who used Joss cues in his role as an expert pool player in the 1986 film "The Color of Money."

"They're one of the elite cues in the industry," says Harold Simonson, publisher of *Pool & Billiard Magazine*.

Pool is growing in popularity. The Billiard Congress of America says more than 37 million Americans played the game in 1992, up from 21.5 million in 1984. But there weren't a lot of world-class cue makers around in 1968, when Janes, bored as a salesman and itinerant pool player, decided to put his artistic and mechanical skills to work to create the perfect cue stick.

With \$1,500 borrowed from a finance company and with his pool-playing friend Bill Stroud as a partner, Janes purchased an ancient manual lathe, a butcher's band saw, a drill press, and a workbench, set up shop in a rented two-car garage in inner-city Baltimore, and "proceeded to destroy half the rain forest," as he recalls, jokingly referring to the amount of wood the pair wasted in their early efforts. But the venture righted itself quickly, turning

a profit in its first full year of operation and every year since.

Bolstering the fledgling firm's business was Janes and Stroud's friendship with some of the game's best players, including Ed Kelly, a world champion with whom Janes traveled the country as a free-lance player years earlier. Kelly became Joss Cues' first customer, and he was quickly



PHOTO: GUY SCOTT

**Cue sticks made by pool player Dan Janes and son Steve are considered world-class.**

followed by other elite players. Stroud left the company in the early 1970s.

Joss Cues' growth was hampered for years by its inability to keep pace with demand. Both Janes and his son Steve, the company's vice president, were reluc-

tant to rely too heavily on technology or manpower to fuel growth, fearing quality might be sacrificed. Even today, with 11 full-time employees on board, the two insist on inspecting every cue stick before it leaves the shop.

Finally, though, the Janeses are making strides in boosting production while maintaining quality. They have designed much of the computer-controlled equipment now used in their 10,000-square-foot shop to meet their exacting standards, and they have pioneered the use of new techniques and materials.

Manufacturing tolerances are five-thousandths of an inch. (By comparison, a skilled cabinet maker is more likely to work to tolerances no tighter than one-sixty-fourth of an inch.)

To protect the expensive woods used in making the cue sticks, the Janeses keep their shop's humidity at 45 percent. Too little humidity, and wood can "dry crack." Too much, and applying finish becomes difficult. Fluctuations in humidity can also lead to warping. Among the woods used are ebony, 200-year-old boxwood, pink ivory, paduk, tulipwood, and zebra wood. Many of the woods are imported from Africa.

Just as important as its quality standards are the company's production gains. When "The Color of Money" was filmed, Joss Cues was working with an 18-month lead time between order and delivery, prompting the director Martin Scorsese to order duplicate sticks as backups. Now, delivery time has been pared to less than six months.

Thanks to improved technology, a bigger work force, and a production process that allows certain basic components to be made ahead of time for use as needed, the company that produced perhaps 100 cues in 1969 will make as many as 2,000 in 1994. (That's still not a lot. Some manufacturers in Taiwan produce as many as 50,000 inexpensive cue sticks a month.) And Joss Cues will generate at least 50 percent more revenue this year than it did last year, when the figure stood at just under \$1 million.

Joss cues are shipped to customers around the world. Cared for properly, the cues will last a lifetime or longer. When the sticks need a new tip, shaft, or finish, Joss will do the repairs.

"We provide complete service," Steve Janes says. "I really don't like anybody else fooling around with our cues."

*Randy Myers is a free-lance writer in Dover, Pa.*



up to  
**20%**  
**Off**

**FOR ONCE, AN INSURANCE  
COMPANY THAT DOESN'T  
GIVE YOU A BUNCH OF  
SAPPY REASONS TO BUY  
LIFE INSURANCE.** We're talking price. The lowest

priced level term life insurance ever offered by Connecticut Mutual. We're talking Enterprise 10.<sup>SM</sup>

Available until January 1, 1995 only. After that, the price may increase, along with our mushiness.

Contact your local representative. Or, call us at 1-800-831-1212.



**CM Life**

A Connecticut Mutual Company<sup>SM</sup>



# Not For Women Only

By Janet L. Willen

**E**ssence, the magazine for black women, began nearly 25 years ago at a seminar largely attended by black men.

Edward T. Lewis, a New York City banker who yearned to be out on his own, attended the event—a conference for aspiring African-American entrepreneurs. When someone suggested that a black woman's magazine might have potential, Lewis got started.

He knew nothing about publishing, and his knowledge of black women was, obviously, from a man's point of view. Nonetheless, Lewis and Clarence O. Smith, an insurance-company employee who attended another session of the seminar, created a magazine that promised, in its May 1970 inaugural issue, to "delight and to celebrate the beauty, pride, strength, and uniqueness of all Black women."

Today, Lewis is publisher and chief executive officer and Smith is president of *Essence*. The monthly magazine has a circulation of one million, and Lewis and Smith have expanded *Essence* Communications Inc., the parent company, into a privately held, diversified media corporation. ECI had revenues of \$71 million in 1993. From 1992 to 1993, the corporation grew 26 percent.

Success, however, came neither quickly nor easily to Lewis and Smith, who launched the magazine with three other men who attended the seminar. One partner left the business in 1969, another in 1971, and a third in 1974, because of differing views.

When they began the enterprise, "We had to learn about the business of magazines; we didn't know anything," Smith says. "We had to take a magazine and break it down to try to think of all the components that make up a magazine. Then we had to find out how the whole thing comes together."

The educational process was formidable for the staff as well. "One of the greatest hurdles back in the 1970s," Smith says, "was the lack of professional black magazine talent. Most of the people we had to hire had little experience in the jobs for which they were hired."

The founders determined that they would need \$1.5 million. They raised only \$130,000. "Had it not been for a minority bank here in New York City, Freedom National Bank, which lent us \$13,000, we may not be here now," Lewis says. Other money, he says, came from "family, friends, credit cards."

Smith says a conviction that the magazine was "right" kept them going when they were trying to convince advertisers

that African Americans were viable consumers. The first issue contained only 13 pages of ads out of a total of about 100 pages; the next two issues each had only five pages of ads. Today, Smith says, the profitable magazine aims for 52 to 55 percent ads.

It took six years to break even and much longer for advertisers' perceptions to begin to change. "The market has now caught up to where we were," Smith says.



**The founders of *Essence*, Edward Lewis, left, and Clarence Smith, have built the magazine for black women into a diversified media corporation.**

"In the past four years, the magazine has attracted many premium-priced brands, particularly in the health- and beauty-aids market, that once eschewed the market and are now aggressively advertising in the magazine." But the African-American market is still undervalued, Lewis says.

*Essence* circulates primarily by subscription, and its numbers have grown every year. Readers tend to be between 18 and 50 years old; 35 percent have household incomes exceeding \$35,000; and 43 percent have attended or graduated from college. Men make up about one-third of the readership.

The large male readership doesn't surprise the publisher. "In the effort to get better jobs and build our community, men and women have always had to understand each other," Lewis says. He thinks *Essence* offers insight into how men and

women can have better lives together. A monthly column, *Brothers*, is written by a man, and each November issue is devoted to African-American men.

Early in the 1980s, ECI's management team began to expand into other ventures. In 1984, it launched an *Essence*-By-Mail mail-order catalog with Hanover House, Inc., a catalog company in Weehawken, N.J. Featured are fashions, soft goods, and art objects. That same year, it began syndication of a half-hour show, "*Essence: The Television Program*," which ran for four years. *Essence* Television Productions, Inc., now produces a prime-time network special, the *Essence Awards*, which honor achievements of African

Americans, and expects to produce other shows next year.

A licensing division, launched in 1984, sells the *Essence* name to a collection of sewing patterns from the Butterick Co., as well as to lines of eyeglasses and hosiery. In 1987, ECI bought part of Armistad Press, a black-owned publisher, and, in 1992, acquired *Income Opportunities* magazine. Both are located in New York City.

Smith and Lewis envision further expansion by drawing on the strength of *Essence* and its well-defined market niche. Their challenge 24 years ago, they say, was to survive.

Now, Smith says, "The challenges are different but equally formidable." Says Lewis, "It's just challenging to be in business and to continue to be in business."





# The very reasons you still fly a turboprop will convince you to replace it with this.

That aging turboprop you still have in your fleet was probably the right thing to buy when you bought it. And for a number of years, it was very likely the right thing to fly.

But today there is a new business jet that does everything far better than a turboprop. And does it far more economically.

It's called the CitationJet. And as you might expect, it flies faster, higher and farther than the turboprops. But there's a long list of other ways it outshines the older aircraft as well. And some of the items on that list may surprise you.

## It's more efficient.

The CitationJet uses less fuel than turboprops use on virtually any length of trip. While cruising 110 to 140 mph faster.

On a typical 575-mile mission, the CitationJet will arrive 23 minutes sooner than the King Air B200. Yet the much slower King Air will burn more fuel.

On a 1,500-mile trip, the CitationJet will cruise a mile above the King Air, and arrive an hour sooner – yet it will use less fuel.

## It's more affordable.

The CitationJet costs less to buy than competing turboprops. And over the years, the resale value of Citations has been among the highest in the industry, well above King Air values.

## It's more versatile.

In typical operations, runways of less than 3,000 feet are well within the CitationJet's capability, putting more destinations within reach.

## It's easier to fly.

With a flight deck designed to keep pilot workload low, the CitationJet is clearly easier to operate than a

turboprop. And the aircraft is FAA-certified for single-pilot operation.

## It's more practical.

The CitationJet's 110-to-140 mph speed advantage allows your people to arrive at their destinations sooner. They have more time to do more work. They can get it done earlier, and are more likely to return the same day.

They are less apt to incur the cost of lodging, meals, ground transportation and more. And they aren't as likely to waste part of the next day on a return trip.

## How is all this possible?

These best-of-both-worlds advantages are achieved through a natural laminar flow wing and the highly efficient FJ44 turbofan powerplant.

This technology makes the CitationJet inherently fast, responsive and extraordinarily fuel efficient.

And it makes the turboprop obsolete.

## It will earn its keep.

The CitationJet is a business tool that will pay for itself as the newest member of your corporate fleet. In the air. Or on the spreadsheet.

Cost of operation, practicality, ease of flying. Even price. Whatever the reasons you're still flying a turboprop, those very same reasons will encourage you to replace it with the remarkable new CitationJet.

For more information on the aircraft that will let you finally move up to an all-jet fleet, call Gary W. Hay, Senior Vice President of Marketing at 1-800-4-CESSNA.

# CITATIONJET



Cessna

A Textron Company



# Beating Back The Competition

By Sharon Nelton

**O**nce you've launched a successful company, it's a safe bet that you'll be assailed by competition. Other folks know a good thing when they see it.

Your competitors may be imitators, big corporations, foreign companies, or even former employees. The good news is that when you outsmart them, your business will be stronger and better than it was before.

In 1985, when Charles and Lynn F. Lazzara opened Ritz Charles, Inc., a banquet and conference center on three

acres in suburban Indianapolis, such a facility was virtually unheard of in Indiana. For seven years, Ritz Charles had no competition—in large part because of the slow economy.

But in the spring of 1992, says Chuck Lazzara, the company's president, "our luck ran out." A local restaurateur decided to take Ritz Charles on, converting an old Southern-style mansion into a banquet and catering operation less than two miles away.

In Corte Madera, Calif., Elaine Petrocelli has been facing new competition on

her book-sales turf. For a number of years, bookstore chains have been going head to head with independent booksellers like Petrocelli, imitating the best of them or just setting up shop nearby. Within the past few years, two large, fast-growing chains have opened stores near Petrocelli's Book Passage, an internationally known bookstore.

The chains "have unlimited amounts of money and ways of advertising that we will never have," and they offer customers breaks on books that make it impossible for independents to compete on the basis



PHOTO: STEWART/BLACK STAR

Hit by imports, children's clothing manufacturer Donald Geis turned to designer Melodee Chen to update his fashions.



*Be grateful for your rivals.  
They force you to turn your business  
into a top performer.*



of price, says Petrocelli, Book Passage's president. But, she says, "we remember what it is to be a guerrilla." When others come in and try to do war in someone else's territory, she notes, they don't have all the advantages.

In the case of JoLene Company, Inc., a children's apparel manufacturer in Provo, Utah, competition from imports in 1985 caused dollar sales to drop 25 percent from the previous year. In a vicious cycle, the drop in sales devastated the company's financial position, making it increasingly difficult for JoLene to obtain

found that not only was she besieged by national and regional rehabilitation companies with deeper pockets, but she was also faced with rivalry from former employees. "We had been excellent teachers of the business, and they [the former workers] were establishing contracts with agencies we considered to be potential customers," she says.

When times are tough, the pressure of the competition may feel even more intense to a small-business owner. That's what Leonard and Suellen Tanaka discovered during the latest recession.

ally next door," says Chuck Lazzara, owner of the banquet and conference facility. The Lazzaras had already begun diversifying and expanding—acquiring five additional acres and moving into off-premises catering. With a competitor, they knew they would have to do even more to maintain their market share and growth and to keep customers from being lured away just for the sake of change.

Their challenge was not uncommon. Even if you, like the Lazzaras, are a pioneer in your field, you are definitely not safe from competition, according to



PHOTO: EDWARD SPENCE

financing. Suppliers then cut credit lines, which made it nearly impossible for the company to obtain supplies on a timely basis. The results were delayed production and shipments. Customers facing late deliveries canceled orders or demanded significant discounts.

JoLene has recovered, but, says its president, Donald W. Geis, "imports remain a challenge, currently capturing approximately 30 percent of the children's dress market."

Sometimes competition emerges from unexpected quarters. Pamela G. Johnson, president and CEO of the Comprehensive Rehabilitation Center, in Edina, Minn.,

**A renovated lobby helps conference center owners Chuck and Lynn Lazzara, left, meeting here with sales director Beth Enright, keep a step ahead of competitors.**

They founded T & T Electric, Inc., their Hilo, Hawaii, electrical contracting company in 1983, but when the recession began to take hold in their state in 1991, competition intensified. "We were faced with the possibility of cutting back on our work force and decreasing revenues," Leonard Tanaka says.

"In a large metropolitan area like Indianapolis, it seemed hard to believe that our new competition would be liter-

Steven P. Schnaars, chairman of the department of marketing at Baruch College of the City University of New York. In seven years of research, he found that imitators often surpass pioneers as market leaders and eventually attain the greatest financial rewards.

In his book *Managing Imitation Strategies: How Later Entrants Seize Markets from Pioneers* (The Free Press, \$24.95), Schnaars points out that among companies from Coca-Cola to Wal-Mart, and in



## COVER STORY

industries from fashion to computer software, imitation is "a powerful and frequently used entry strategy that, like a long-term spouse, is often unappreciated and taken for granted."

If we don't hear about this strategy very often, he writes, it's because while "firms are often eager to trumpet the occasions when they were the 'first' to discover something, they are often less willing to publicize their skills at imitation."

The Lazzaras took several steps to counter Ritz Charles' competition. To make sure their facilities looked fresh and new, the husband-and-wife team renovated the landscaping and parking area and remodeled some of the interior. They increased public awareness of Ritz Charles with aggressive public relations and community involvement—including sponsorship of charitable programs. To ensure price competitiveness, they decided not to raise their prices during 1992, even though that decision would result in a lower profit.

They maintain that "the right attitude company-wide" has been essential. "We convinced our employees that only their performance could stave off competition," Chuck Lazzara says.

He told his workers that it wasn't the company that had the prettiest banquet facility that would be the most successful but the one with the best employees, which he felt he already had.

The Lazzaras backed up these words by offering employee incentives and by introducing computerization that was designed to improve the company's services.

They also encouraged teamwork to help eliminate mistakes that could be made when the facility was handling several events at a time.

In addition, the couple established a company philosophy: "We not only do the best that we can, but we are the best at what we do."

Their efforts worked. Three additional competitors have entered their market, but Ritz Charles' sales continued to grow steadily to \$3.7 million last year compared with \$3.2 million the year before. In competitive bidding, it was named the official caterer for two major golf events: the 48th United States Women's Open Championship 1993, in Carmel, Ind., where Ritz Charles is headquartered, and this year's Brickyard Crossing Champi-

onship (formerly the GTE Seniors Classic), to be held at the infield golf course of the Indianapolis Motor Speedway in September.

What the Lazzaras and other entrepreneurs have learned about beating back the competition can be summed up in three major lessons:

### 1. Assess Your Strengths

Outwitting your rivals means analyzing your own company's strengths and weaknesses so you know where you outshine your competitors and where your operations need shoring up. For example, in its 18 years, Book Passage has become entrenched as a beloved Marin County institution, and Petrocelli doesn't think her out-of-town-based competitors can touch that.

the local hospice and for a service for abused women. Couples have met each other among the store's shelves and later married.

"We are a community center for all of Marin County," Petrocelli says.

Although she can't compete on price because her costs are higher than a chain store's, Petrocelli has discounted the price of adult hardcovers by 10 percent "as a way of showing our public that we know that they've made a decision to come here and we really appreciate it." But as an independent, she has to pay more for books. "So 10 percent for us is a huge hit."

Nevertheless, Book Passage continues to thrive. Its annual revenues exceed \$2.5 million, and the number of full- and part-time employees varies from 60 to 85, depending on the season.



PHOTO: GEORGE OLSON

Dozens of monthly events, like this mystery tea with Love Bytes author Sally Chapman, left, keep customers coming to Book Passage, says the bookstore's owner, Elaine Petrocelli, standing.

Book Passage offers writers' workshops that draw students and faculty, such as travel writer Jan Morris, from around the world. Authors who come for book signings, readings, and lectures—sometimes more than two dozen a month, compared with about four a month at the chain competitors' stores—range from feminist Gloria Steinem and Pulitzer Prize-winning journalist Haynes Johnson to unknowns who Petrocelli and her staff feel deserve an audience.

The store's coffee bar attracts not only customers but also such authors as novelist Isabel Allende, who lives nearby. The establishment is known for its number of titles—110,000—and its ability to track down obscure books. It raises money for

### 2. Know Your Competition

If you don't know the competition, you can't outsmart it. When a competitor started a state trade association for owners and managers of rehabilitation agencies, Pamela Johnson of the Comprehensive Rehabilitation Center joined. Eventually, she became vice president and then president. By being active in this and other groups, Johnson says, she gained business perspective, knowledge of national trends, and insight into her rivals.

Getting to know your competitors "gives you a better sense of judgment," she says. Rumors about competitors, for example, may create excitement among her staff. "But by knowing the competitors and having worked with them on



# Slaying The Giant—Without Cash

Five years ago, business was going well for *J.B. Dollar Stretcher Magazine*, the direct-mail advertising publication that Robert and Joan Minchak started in Richfield, Ohio, in 1985. They had assembled a good sales team, and, says Bob Minchak, "The fear of failure and struggle for survival had been replaced by hope for continually increasing solid growth in sales and profits."

That's when a major publicly held corporation decided to go head to head with the Minchaks with a competing publication. In its initial assault, the corporation sent letters to the Minchaks' customers, urging them to switch to the new magazine, which was printed on high-quality glossy paper, with full color available, compared with *J.B. Dollar Stretcher*, which was printed on newsprint, with only one color in addition to black on selected pages.

The competitor also launched a radio blitz to increase consumer awareness of its new magazine.

Several of the Minchaks' larger advertisers quickly defected. "It seemed as if nuclear bombs were exploding all round us and a few on top of us," Bob recalls.

The competitor didn't stop with trying to erode the Minchaks' customer base. It also tried to steal away the smaller company's salespeople, luring them with the security, stability, money, and management positions that only a large company could offer.

To survive, Bob says, the Minchaks decided to "slay the giant." That's exactly what they did, and they did it without spending any extra cash. Their strategy was twofold: create goodwill among customers, and provide superior service. In specific steps, the Minchaks:

- Upgraded their product but competed on price at the same time. They added a four-color section but used a lower-grade paper that resulted in a substantial cost saving for their customers. "This move placed us on a closer-to-equal footing and resulted in a price war of sorts, in which we were better-positioned to defend," Bob says. "Since our costs were lower, our product was acceptable to our mutual customers."

The Minchaks also began producing bright-looking covers that showcased advertisers and outshined the covers of the competing magazine.

- Beefed up their service. They concentrated on their ability to produce ad proofs and deliver them to customers in two days, compared with the week that their competitor needed for turnaround. "We communicated with our customers

and listened to what they wanted so we could better serve them," Joan says.

- Involved their staff in devising strategies to overcome the giant. This resulted not only in solutions but also in team building. "We analyzed what we felt our competitor's most probable next moves would be, and we would figure out several combinations of plans with which to counterattack," Bob says.

"We couldn't buy the market, but we



PHOTO: SHIRLEY STERNBERG-BLACK STAR

**Goodwill and superior service** enabled Joan and Bob Minchak to defeat their magazine's rivals.

could manipulate and change it to make it harder and more expensive for our competitor to buy," he adds.

- Waged a better radio campaign. The competitors ran 30- or 60-second spots throughout the day on several local radio stations.

The Minchaks chose what they call "surgical precision," airing numerous 10-second spots on 10 stations on morning and afternoon drive times during the periods when their magazine would arrive in area homes.

The spots featured three *J.B. Dollar Stretcher* advertisers at no charge to them. "This helped us close sales and promote goodwill," Joan says. "It also

created better name recognition and credibility by association."

- Persuaded the sales staff to stay. By maintaining a close relationship with their sales representatives before the giant intervened and by already compensating them well, the Minchaks found it easier to dissuade employees from joining the other camp.

To keep Dave Volpe, a key salesman, Bob says, "I convinced him that his opportunities in the long run were much greater in my organization than they would be in a large corporation." Today Volpe is vice president of sales for the firm.

How did the Minchaks do all this without having to come up with all kinds of cash? Because they were already paying the highest commissions in the market, they did not have to increase pay for sales staff.

Changing the magazine cover to feature a customer each issue resulted in no extra cost. The four-color section not only paid for itself but also became a new profit center. The radio campaign was done on trade.

"Fine-tuning our operations to run more efficiently even saved us money," Bob reports. "The additional communication with our customers cemented close working relations. It also taught us that if we are not talking to our customers, we can be sure our competitors are."

The giant was gone within a year. "We accomplished complete and total victory," Bob says.

Under siege, *J.B. Dollar Stretcher Magazine* (named for Joan and Bob) became a better company with a better product and a substantially better bottom line. Sales in 1989, when the battle began, totaled \$838,682. The following year, they were \$1,280,892—more than a 50 percent increase. This year, the company expects revenue of \$4.5 million and has 24 employees and 40 independent sales representatives.

And, says Bob, "We are now a much more competitive predator. We have become the dominant direct-mail advertising medium in northeast Ohio, selling more and a wider variety of ads than everyone else in the market."

Not only that, say the Minchaks, one of the giant's subsidiaries has become "a very good customer."



## COVER STORY

committees and on legislative issues, it gives me a different perception of the reality of the rumor and its validity."

By interacting with competitors, Johnson says, "I learned from watching them what each agency's strengths were."

Comprehensive Rehabilitation was started in 1978 as a provider of speech and language pathology services and stayed that way for 10 years. But Johnson's analyses of her competitors told her she had to diversify, and she acquired another company that enabled her to expand into occupational therapy and physical therapy.

Johnson now employs 72 full- and part-time workers, and annual company sales are \$2.7 million.

In her book *On Your Own: A Woman's Guide To Building a Business* (Upstart, \$19.95), Laurie B. Zuckerman advises making a list of your competitors and then starting files on the top five.

For each, you'll want to know years in business, number of employees, dollar sales, unit sales, market share, financial strength, profitability, president-owner, outside advisers, key employees, target markets, pricing, advertising themes, promotion and public-relations efforts, significant changes (such as new people or products), and how this company competes with you.

By comparing your business with competing businesses in areas that are important to your customers, Zuckerman says, "you can determine how you stack up against the competition."

### 3. Develop A Strategy

It's likely that you will need a strategic plan that is complex, one requiring a variety of tactics of attack and defense.

To get itself out of the hole that its stiff foreign competition had put it in, JoLene, the Provo, Utah, clothing manufacturer, initiated a series of turnaround activities.

In 1989, to provide more reach and more service than its one-person sales staff could offer, it set up an independent sales force with offices in 15 U.S. cities. The next year, it hired an outside consultant to help it get scheduling back on track so that shipments would be timely.

The company secured \$1.2 million from a private investor and a factoring service (which buys accounts receivable from businesses) to finance growth and produce customer orders on time.

And, recognizing that its fashions were not keeping current, it reorganized its design department under the direction of Melodee Chen, a designer who understood how to combine trend-setting de-



PHOTO: KEVIN SAKAMOTO-BLACK STAR

**Diversifying into cabling work for Hawaiian observatories has bolstered Suellen and Leonard Tanaka's company.**

sign with cost-effective construction requirements.

"JoLene was now in a position to better compete with both domestic and foreign competitors on the basis of price, style, and quality," says Donald Geis. By 1992, sales were \$20 million—83 percent higher than they were two years before. And sales are expected to reach \$25 million this year.

Today, JoLene finds that other companies are mimicking Chen's designs. The company can fill reorders more quickly than foreign manufacturers, and it is aggressively selling around the world—even in such places as the Philippines, where competing products are made.

"Financially," adds Geis, "JoLene is healthier than it has ever been."

**L**ike Geis, many business owners find that taking the steps necessary to counter competitors makes their businesses stronger than ever before. Bottom lines improve, service to customers gets better, and employees become more focused on making their company a top performer.

Here are tips from business owners to help you outwit the competition—or just make your own business better. Perhaps some will be right for you:

■ **Set yourself apart from the crowd.** Seven years ago, when competitors began to erode the market for his stereo sales and service business, Eldridge A. Helwick II, of Gulfport, Miss., looked at the Yellow Pages and realized that he and his competitors were all alike. "We all offered the same service—slow, late, or next week at best." No one was offering instant repair service.

Recognizing that videocassette recorders were beginning to break down and few companies were equipped to service them, he ran a newspaper ad offering VCR repair in 48 hours. "Within six months I closed the stereo store and continued development of my new company, VCR Express Repair," Helwick says. "By 1989, we were ready to expand into camcorder service."

To differentiate herself from her larger competitors, says Pamela Johnson, "we say, 'We are a small, personal rehabilitation agency.'" She promotes her company as one that knows its clients' employees and provides individual attention.

■ **Diversify if necessary.** Leonard and Suellen Tanaka of T & T Electric say diversification has been crucial to their success. They are licensed not only as electrical contractors but also as contractors in five other areas, including neon and fluorescent sign installation and service, electronic systems, pole and line contracting for utility systems and telecommunications, and, most recently, general contracting.

Diversification, the Tanakas say, not only gives T & T an edge over other electrical contractors but also makes it less susceptible to fluctuations in the economy because it is able to offer services to a wider range of jobs and clients. T & T has even been involved in astronomy projects, such as cabling for the power and electronic systems for six of the 11 observatories on the summit of Mauna Kea in Hawaii. "The work entails a select group of employees that can work at high altitudes," Leonard Tanaka says.

With the economy in Hawaii still suffering, T & T sales have dropped from \$6.5 million in 1992 to an expected \$5 million this year, and employees have been cut back from 42 to 35.

But Tanaka is glad to have stayed






**American institutions have invested  
over \$113 billion in pension funds managed by  
The Prudential.**

**Proof that there's strength in numbers.**

**And peace of mind in strength.**

**The Prudential** 



## COVER STORY

afloat. And he's optimistic about the future, pointing out that with its expertise in electronic systems, the company has been able to increase business in telecommunications from about 10 percent of its sales to about 30 percent over the past three years. T & T expects to "grow along with the telecommunications market" in the coming years, he says.

■ **Defend yourself with a variety of weapons.** Hypertech, Inc., was only one year old in 1987 when the first "copycat" company appeared and infringed on its copyrights. "Within a few months, another company began to copy and sell our products," says Mark Heffington, president of the Memphis manufacturer of computer chips for automobiles. With no research and development costs, the competitors were able to undercut Hypertech's prices.

"Since these pirate companies were siphoning off sales that should have belonged to Hypertech, neither our sales curves nor our profits met our expectations," Heffington says. "Additionally, we were placed in the awkward position of having to defend and justify our higher prices to the distribution system as well as the consumer."

Heffington fought back on four fronts: using legal means, technology, service, and marketing. Hypertech filed copyright lawsuits, forcing one company out of business and, in another case, collecting \$725,000.

But, says Heffington, "We learned the important lesson that while the laws could help us, they were very slow and very costly." For that reason, the company employed its technological weapon, developing chips that could not be copied.

On the service front, it instituted a no-hassle return policy on its products and added an 800 number for questions from distributors and consumers. It revised its marketing to educate customers on the differences between its products and those of competitors.

■ **Examine your pricing.** How does it compare with your competitor's? Are you offering better quality and not charging enough to be profitable? Or are your prices higher?

If your prices are higher, perhaps you can turn that into an advantage. Hypertech points out to its distributors that it is the premier company in its field, with 67 percent of the total market, and that it sells the most expensive product. "What we want them to realize is that they can sell more of our products than those of our competitors, and for considerably higher profit margins," Heffington says.

You won't be able to compete in every area, says Laurie Zuckerman, the author of *On Your Own*. "Choose the areas where you can gain a competitive advantage, one

## When YOU Are The Competition

As a business owner, you may find you have to fend off interlopers. Just as likely, you yourself are the upstart competitor—someone who is taking on entrenched businesses because you think you can do what they do better or smarter.

Take Tom Frye. Despite what he saw as an "over-served market," he opened an insurance claims-adjusting business, Frye Claims Consultation and Administration, based in Belmont, Calif., four years ago.



PHOTO: BUNDA WUE SCOTT

An "over-served market" didn't deter Tom Frye, who saw a niche for his insurance claims-adjusting business.

He not only discovered a niche, he also innovated. As Frye viewed it, his industry consisted of only international companies or very tiny, often one-person, operations. Frye saw the need for an independent regional company that would be "small enough to know you but large enough to serve you." It would know its market intimately but be able to compete with the larger operations.

To win market share, he knew he would have to "add value." He took advantage of technology in a way that his competitors did not.

"Every one of our staff in the field has a fax machine, has a voice-mail pager, has a car phone," Frye says. "This gives us the ability to be where the client needs us instantaneously and at fairly low cost and at the same time offer unparalleled access to our staff. In fact, we promise a return call in one hour if [the clients] need it."

Frye also took a different approach to the way his industry's reports are presented to the customer. Usually such reports have the summary at the end. Recognizing his clients' need to get information quickly, Frye puts an executive

summary, including his company's recommendations, at the beginning and then follows with the details. He has also used computer technology to introduce graphs and other illustrations into the reports.

Now Frye's company operates with 12 locations in California, Oregon, Washington, and Arizona. It employs 27 people and last year took in \$1.8 million in revenue.

The way Frye manages his company helps him meet his overall goals of timeliness and price competitiveness. The use of technology both speeds up service to the customer and keeps costs down so that savings can be passed on to clients.

Frye also hires the best people he can find and employs incentives to keep turnover down. A major one is ownership in the company after three years of employment.

A standard industry practice is to offer bonuses to employees who rack up the most billable hours—which, says Frye, encourages employees to exaggerate their hours and increases costs to the customers. Instead, Frye offers bonuses to employees for outstanding customer service and for timeliness in completing their work.

Asked what advice he would have for other entrepreneurs entering an established market, Frye

says, "Do a business plan." (For more on that subject, see "How To Write A Business Plan," in the February 1993 issue.)

Business plans are usually valued for their number projections, but Frye found that the numbers were not the most important part of the plan. "It helped me really grasp how I was going to be different in the marketplace," he says.

Initially, he was looking at only two things—the need to be competitively priced and the need to be timely. As he developed his plan, however, he came up with the ideas of using technology to make his staff more accessible to clients and making reports more readable and informative.

As much as he didn't want to write a business plan, he says, going through the process "really helped crystallize an approach that would add value to the market."

Hiring top-quality people is another factor in his success. Says Frye, "I've worked very hard at trying to find people who are better than me, who will help make this organization grow."



based on your business' strengths against your competitors' weaknesses."

■ **Nurture your customers.** Pamela Johnson of Comprehensive Rehabilitation Center made an important discovery when therapists she employed went out on their own: Clients, like nursing homes and day-care centers, identified with the therapists she had sent them and not with her company. "We [the company] did the contracting, and then the therapist developed the relationship."

Now, to ensure that the clients are focused on her company, Johnson and her managers work to keep in close touch with administrators, get to know an institution's staff, and even go to client meetings with the therapists.

■ **Stay abreast of technology.** T & T Electric has made it a point to train employees in home automation, computer networking, fiber optics, and other technologies. As a result, the company was selected to install the electrical and electronics components for Hawaii's first "smart house," which allows lighting, security, energy, and other systems to be programmed for automatic control. In addition, AMP Inc. has just named T & T its authorized dealer in Hawaii for its Smart House System.

Chuck Lazzara says Ritz Charles will be another step ahead of its competitors in September, when it introduces laser-disc technology that will enable clients to see everything the company has to offer on a video screen, even to the most "minute detail" of a wedding cake. Meanwhile, he says, he feels confident that his competitors will still be using glossy photographs.

■ **Establish your credibility.** Because he was an unknown in his field, Tom Frye of Frye Claims Consultation and Administration, an insurance claims adjusting firm in Belmont, Calif., looked for ways to raise his visibility—writing a management column for a trade magazine, making speeches, and becoming active in his trade organization.

Elaine Petrocelli also gives speeches frequently and uses the occasions not only to talk about books but also to educate her audiences about the importance of independent bookstores to their communities.

■ **Mount a public-relations program, or launch an advertising campaign.** These are solutions to turn to when you need a



PHOTO: JUDY GREINER/BLACK STAR

Rehab center owner Pamela Johnson, right, here with speech pathologist Joyce Browning-Milner, learned to promote her company.

higher profile for your company. Ritz Charles and Book Passage both find that community involvement—in civic and community organizations and charitable events—provides an excellent way to get their names before the public.

Ritz Charles is sponsor of a ball that supports a center for inner-city children. It also does catering for fund-raisers sponsored by local publications in return for full-page advertisements. Book Passage's information-packed, bimonthly

newsletter is an effective outreach tool that keeps customers involved in the store.

■ **Consider alternative "delivery systems."** When they bought their Milwaukee bagel-manufacturing company in 1988, Alan and Karen Katz of Katz's Bagels knew they couldn't go head to head with powerhouses like Lenders and Sara Lee in the frozen-food departments of supermarkets.

"I needed to find a unique, specialized way to distribute and market my products," says Alan Katz, the company's president.

The answer? Supermarket dairy cases, which traditionally carried eggs and cheese and were just begin-

ning to expand into such products as English muffins and tortillas.

"Bagels fit nicely into this category and offered distributors a bigger profit margin," Katz says.

■ **Hire top-notch people, and take steps to retain them.** Although that may mean you will pay higher wages for your employees, that's not always the case. Petrocelli says that many of her employees could find better-paying jobs but that they stay with her because of their passion for books. "I think there's a devotion to literature among the people who work in this store that is almost impossible to get in a chain."

Ritz Charles has established employee-of-the-month and employee-of-the-year programs and works to make the environment clean and pleasant for the employees. "But the biggest thing is that we're not afraid to work with them," Lazzara says. "It is not unusual to find managers and myself working in the dish room, sweeping floors, plating up meals, setting tables, and greeting clients."

In the final analysis, competition gets the juices flowing and forces you to improve at almost every level—from the way you manage employees and production to the way you perform as a corporate citizen. It gives you a reason to introduce that new product or service you've been putting off, or to look harder at how you can satisfy a client.

Competition offers not a threat but an opportunity. It stops you from being complacent, Pamela Johnson says. "It's a gift to us."

## "Class Of '93"

This article was inspired by the "Class of '93" of the Blue Chip Enterprise Initiative, which *Nation's Business* co-sponsors with the Connecticut Mutual Life Insurance Co. and the U.S. Chamber of Commerce. Each year, the initiative recognizes small businesses that have overcome adversity and emerged stronger. A great number of the 1993 honorees are businesses that had to beat back the competition to survive, and many of their stories are told here.

The companies in this article that are Blue Chip honorees are: Comprehensive Rehabilitation Center, Edina, Minn.; Hypertech, Inc., Memphis; J.B. Dollar Stretcher Magazine, Richfield, Ohio; JoLene Company, Inc., Provo, Utah; Katz's Bagels, Milwaukee; Ritz Charles, Inc., Carmel, Ind.; T & T Electric, Inc., Hilo, Hawaii; and VCR Express Repair, Gulfport, Miss.

For information on the 1995 Blue Chip program, see "Blue Chip Commendation," on Page 46.



To order a reprint of this story, see Page 72.



## HEALTH-REFORM WATCH

# Health Reform Nears Showdown

By Roger Thompson

*Democratic leaders in the House and the Senate scramble to assemble enough votes to pass legislation that President Clinton would sign.*



PHOTO: T. MICHAEL REZA

**A**s the debate over health-care reform nears the showdown stage, President Clinton needs a political miracle to win congressional approval of legislation that would come even close to his key goal of universal coverage based on employer mandates.

At press time in mid-August, roadblocks to passage of a bill that the president would sign included deep divisions among Democrats over employer mandates and a threatened Senate Republican filibuster.

When the Senate began debate Aug. 9, the president's best hope was with the 1,400-page compromise bill proposed by Majority Leader George J. Mitchell, D-Maine. It aims to cover 95 percent of all Americans by 2000 with a combination of insurance-market reforms and subsidies for low-income individuals. About 85 percent of all nonelderly Americans currently have health insurance.

A mandate that employers provide insurance would take effect in 2002 in the states that missed the 95 percent target, but only if Congress failed to find another way to boost coverage levels. Employers would be required to pay half the cost, workers the other half.

Senate liberals complained that Mitchell's bill reneges on the president's promise to deliver coverage to all Americans. Conservatives, led by Minority Leader Bob Dole, R-Kan., oppose mandates to cover the employed and higher taxes to finance coverage for the unemployed and to subsidize low-income workers. Dole's bill contains insurance-market reforms

and low-income subsidies, but, unlike Mitchell's bill, it has no new taxes. Dole says his bill would provide coverage for 92 to 93 percent of all Americans without mandates, new taxes, or added bureaucracy.

In the House, Majority Leader Richard A. Gephardt, D-Mo., put forth a bill more faithful to Clinton's original proposal. It would achieve universal coverage in 1999 through a combination of an employer mandate to pay 80 percent of workers' premiums, insurance-market reforms, and subsidies for low-income individuals.

The House bill also would expand the federal government's role as a health-care provider by creating a category of Medicare, which now covers only the elderly, called Part C. It would provide health-care coverage for the poor, the unemployed, the self-employed, part-time employees, and small business. The Congressional Budget Office estimates that Part C could enroll up to 95 million people by 2002—almost triple the number of elderly Americans covered by the existing Medicare program.

Gephardt's prospects for rounding up 218 votes to pass his bill dimmed considerably after President Clinton endorsed Mitchell's less-sweeping bill during a nationally televised news conference Aug. 3. Moderate Democrats are not likely to go to bat for a mandate that is certain to fail in the Senate.

House Democratic leaders have no fallback if their bill fails, giving a bipartisan group of moderates in that chamber an opening to round up a majority for their own forthcoming compromise bill.

It was uncertain on the eve of the historic floor debate whether either house of Congress would pass reform legislation this year. While Democratic leaders have vowed to keep both houses in session until bills are approved, Dole and other Republican leaders urged that Congress adjourn for the recess scheduled to begin Aug. 12 and resume work on reform legislation in early September.

"I have suggested that we go home for three weeks and let the people study the bills," House Minority Whip Newt Gingrich, R-Ga., said during an hour-long Republican forum on health-care policy that was televised Aug. 1 at the Washington headquarters of the U.S. Chamber of Commerce. "It would be a tragedy to ram a bill through Congress. You're bound to do dumb things when you act at the last minute." The forum was sponsored by the Republican National Committee and featured, in addition to Gingrich, Sens. Bob Packwood, R-Ore., and Connie Mack, R-Fla., a variety of health-care experts, and Richard L. Leshner, the U.S. Chamber's president, who represented the business community.

The program was carried live on



C-SPAN and other cable channels and was broadcast to regional meetings arranged by local chambers of commerce.

"The American people want insurance-market reform and liability and tort reform, but they don't want a big government takeover, and they don't want employer mandates," Lesher said.

**A**s the floor debate evolves in both the House and the Senate, there are several key issues apart from the employer mandate that warrant careful consideration by small business. Without attention to detail, even insurance-market reforms with bipartisan support can end up costing business more in health premiums.

Two aspects of the debate that experts say business people should watch closely are "guaranteed issue" and "community rating":

**Guaranteed Issue.** Guaranteed issue would put a stop to "cherry picking" by insurance companies, a practice in which healthy individuals and groups receive coverage but those with health problems are rejected. It also would halt what is known as job lock, in which individuals remain in jobs solely to hold onto insurance coverage. Guaranteed issue would permit them to change jobs without losing coverage.

Advocates of Gephardt's employer mandate argue that guaranteed issue works only when everyone has insurance. In a voluntary system, they say, it would drive up costs because people previously denied coverage for health reasons would enter the insurance pool, pushing up average expenditures and premiums.

The higher cost of coverage could, in turn, induce healthy people to drop out, knowing they could resume coverage once they get sick. That would mean proportionately more sick people covered by



PHOTO: T. MICHAEL REZA

At the RNC forum, Sen. Connie Mack and Gail Walinsky, a former Bush administration health-care official, warned against declines in the quality of care.

insurance, and prices would go even higher, creating a spiral of cancellations and price increases.

To prevent this problem, Dole's bill requires up to a 12-month delay for coverage of pre-existing conditions for people who have gone without insurance for six months or longer. Dole's bill, however, permits no exclusions for pre-existing conditions during an initial sign-up period.

Mitchell's bill permits a six-month exclusion for pre-existing conditions diagnosed or treated within three months of becoming covered.

**Community Rating.** Community rating would prevent insurers from jacking up premiums once someone became ill. The so-called pure community rating in Gephardt's bill would allow rates to vary only by location and family size. That means young and old would pay the same rates. Critics argue that community rating

is unfair to young, healthy people, making them subsidize the cost of care for older, sicker people.

The Mitchell and Dole bills would address this problem by advocating modified community rating, allowing insurers to consider age as well as location and family size.

Mitchell's bill would allow rates for older people to be double those for younger people. Dole's would permit rates to be four times as high for older people during the first three years after reforms took effect and three times as high thereafter.

Two other provisions under consideration—"any willing provider" and Medicaid reforms—also could drive up costs for small business:

**Any Willing Provider.** The Gephardt bill includes an "any-willing-provider" provision that would require insurers to sign up any doctor or hospital willing to accept a health plan's reimbursement rates and rules. Only a minority of HMOs with salaried doctors would be exempt.

Critics charge that this provision would make it more difficult for managed-care health plans to select only those doctors who practice high-quality, low-cost medicine. A recent study for the Group Health Association of America estimates that forcing HMOs to include any doctor would increase annual family premium costs by \$408 to \$1,284.

Mitchell's bill does not include an any-willing-provider requirement. And Dole's bill explicitly pre-empts all state anti-managed-care laws, including those that establish an any-willing-provider policy.

**Medicaid.** Proposals for federal subsidies for the poor—including Medicaid recipients—and the near-poor to buy



PHOTO: T. MICHAEL REZA

Representing business at the RNC forum were Richard Lesher, president of the U.S. Chamber, and Elaine Graham, chief lobbyist of the National Restaurant Association.



## HEALTH-REFORM WATCH

health insurance have bipartisan support on Capitol Hill.

Under the Mitchell and Gephardt bills, people eligible for federal subsidies would enroll in the same community-rated health plans available to small businesses. But opponents question what would happen if the poor are more expensive to treat and the federal government underpays providers for their care, as it currently does with Medicaid. In that case, the critics argue, the uncompensated cost would be shifted to small business through higher rates.

"Moving the Medicaid pool into the small-business pool is the biggest backdoor rate increase that small business would get from health reform," warns Robert Laszewski, president of Health Policy and Strategy Associates, a



PHOTO: SHANE WILSON—WIDE WORLD PHOTOS

**Senate leaders** George Mitchell, left, and Bob Dole at a July meeting of Finance Committee.

Washington, D.C., consulting firm.

Dole's bill would permit Medicaid recipients to enroll in any health plan or stay with Medicaid.

**W**ith time running short to enact health-reform legislation before Congress adjourns in early October to campaign for re-election, even advocates of change have begun to worry that the lawmakers in the House and the Senate might not have time to do the job right.

"What concerns me," says Laszewski, "is that small business has put all its focus on the mandate issue, but there are a whole set of issues at a secondary level that could hurt them substantially."

"There is a real good chance that the devil may find his way into the details. I'm an advocate of reform, but if we rush and put a mess together, Congress just creates support for a single-payer system."

## Reforming Health Care: Key Features Of Three Plans

### Sen. Mitchell's Plan

**Goal:** Voluntary universal coverage, defined as 95 percent of the population.

**Employer Mandate:** If 95 percent of population is not insured by Jan. 1, 2000, a commission would submit recommendations to Congress to finish the job. If Congress does not act by Dec. 31 of that year, an employer mandate would go into effect Jan. 1, 2002, in states below the 95 percent coverage threshold. The mandate applies only to companies with 25 or more workers. The company would pay 50 percent of premium costs. Individuals in smaller companies must buy their own insurance.

**Benefits:** A National Health Benefits Board would set a standard benefits package. Employers must offer at least three private health plans.

**Market Reform:** Insurers would have to guarantee issue and renewal to all individuals and groups. Rates would be based on community averages, but age could be taken into account.

**Subsidies:** Those below the poverty level would receive free health care. Those with incomes up to 200 percent of the poverty level would receive subsidies on a sliding scale; children and pregnant women would qualify for subsidies up to 300 percent of poverty—\$44,300 for a family of four. Employers who voluntarily extend coverage to all employees would be eligible for federal subsidies.

**Purchasing Cooperatives:** Employers with fewer than 500 workers could purchase insurance from competing cooperatives, or from insurance agents, or directly from insurers. Self-insurance would not be permitted for companies with fewer than 500 workers.

**Cost Containment:** Contains deficit fall-safe mechanism that would prevent reform subsidies from increasing the federal deficit.

**Taxes:** Health benefits paid through flexible-spending accounts would be taxable. Contains a 25 percent excise tax on that part of a "high-cost" health plan that exceeds a target level. The cigarette tax would rise 45 cents a pack. A 1.75 percent tax would apply to all health-insurance premiums, including self-insured plans. Medicare beneficiaries with high incomes (\$90,000 for individuals, \$115,000 for couples) would pay higher premiums.

**Deduction:** The self-employed could deduct 50 percent of the cost of a standard benefits package.

### Sen. Dole's Plan

**Goal:** Guaranteed access to health insurance.

**Employer Mandate:** No mandate to buy insurance for employers or individuals.

**Benefits:** Insurers in individual and small-group markets would have to offer a standard package, but they also could offer any other package. Employers would have to offer at least one plan with unrestricted choice of doctors. Employees in small firms would have the option to choose a plan from the Federal Employees Health Benefit Program.

**Market Reform:** Health plans and the self-insured must guarantee issue and renewal to all individuals and groups. Limited exclusions would be permitted for pre-existing conditions: a maximum of six months under group plans and a maximum of 12 months under individually purchased plans. Each state would set an initial 90-day open enrollment period during which no pre-existing condition coverage limits would apply. Modified community rating, allowing for age and family size, would apply to the individual and small-group market—up to 50 workers. The highest rates may be four times the lowest.

**Subsidies:** Those below 90 percent of the poverty level would receive free health care. Provides premium subsidies to people with incomes between 90 percent and 150 percent of the poverty level for the purchase of a standard health plan. Subsidies phased in subject to availability of funds.

**Purchasing Cooperatives:** Allows multiple purchasing cooperatives in the same region. Membership would be voluntary, but co-ops would have to be open to all individuals and small employers. Permits the self-employed and small employers (two to 50 workers) to purchase health plans from the Federal Employee Health Benefit Plan.

**Cost Containment:** Contains deficit fall-safe mechanism to prevent reform subsidies from increasing federal deficit. No government controls on doctors' prices or insurance premiums.

**Taxes:** No new taxes.

**Deduction:** The self-employed and other individuals who do not get insurance through employers would get a 100 percent deduction for the cost of health insurance, phased in as follows: 25 percent through 1995, 50 percent in 1996-1997, 75 percent in 1998-1999, and 100 percent in 2000.

### Rep. Gephardt's Plan

**Goal:** Guaranteed universal coverage by 1999 through individual and employer mandates.

**Employer Mandate:** The mandate for employers with more than 100 workers would take effect Jan. 1, 1997. For those with fewer than 100 workers, Jan. 1, 1999. Employers would contribute at least 80 percent of the premium for a standard benefits package.

**Benefits:** Provides for a guaranteed national benefit package that would include mental-health and substance-abuse treatment. A new government-run insurance program called Medicare Part C would replace Medicaid. It would enroll unemployed people, part-time workers, welfare clients, and—on a voluntary basis—companies with fewer than 100 workers.

**Market Reform:** Insurers and self-funded employers must guarantee issue and renewal to all individuals and groups. No coverage waiting periods for pre-existing conditions. Plans covering up to 100 employees must be community-rated, with variation permitted only for family size and location. No company with fewer than 100 workers can self-insure. Would require all health plans—except staff-model HMOs—to accept any qualified doctor.

**Subsidies:** Employers with average annual wages of less than \$26,000 and 26 to 50 employees would be eligible for a maximum 37.5 percent tax credit. Employers with up to 25 employees would be eligible for a maximum 50 percent tax credit. Individuals earning less than the poverty level would receive free health insurance. Those earning up to 240 percent of poverty level would get subsidies on a sliding scale.

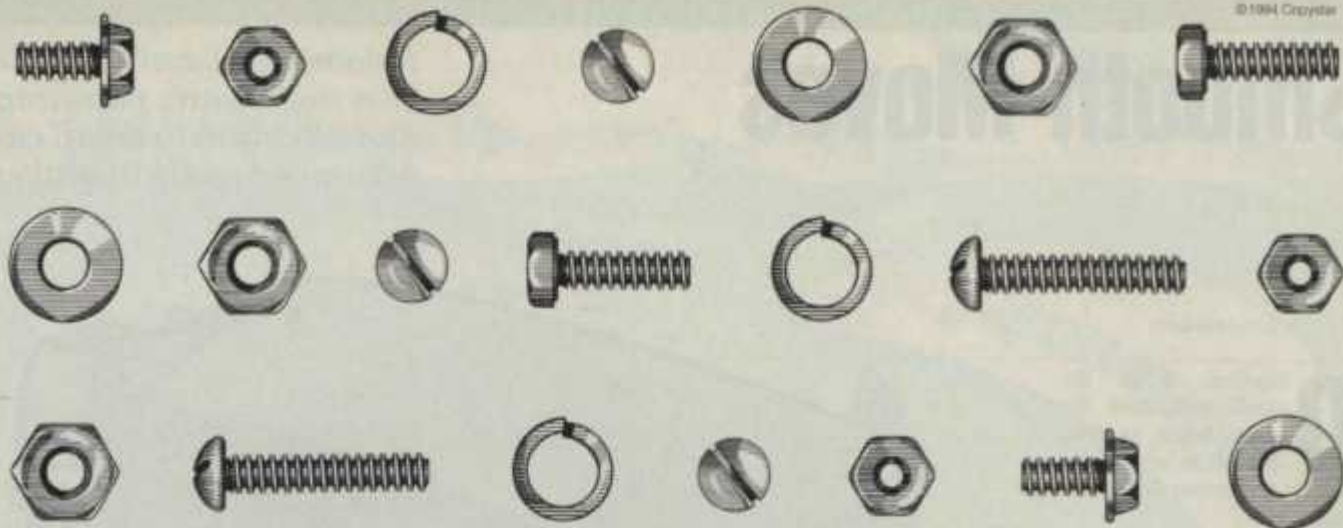
**Purchasing Cooperatives:** States could establish voluntary or mandatory health-insurance purchasing co-ops. The co-ops would be available on a voluntary basis to companies with fewer than 100 workers.

**Cost Containment:** Proposed fee schedule for doctors and hospitals would be ready to take effect in 2001 if overall spending exceeds targets set by legislation.

**Taxes:** Cigarette excise tax would rise 45 cents a pack. Health- and accident-insurance benefits paid through flexible spending accounts would no longer be tax-exempt. An excise tax of 2 percent would apply to health premiums and self-insured expenditures.

**Deduction:** The self-employed could take an 80 percent deduction for the cost of health insurance.





## Why the best copier is the one you never think about.

Ask a hundred people what they want from a copier, and we'll wager that ninety say "reliability".

What they're saying, in essence, is that they'd like one they can ignore. Because it's only when the copier doesn't work that anyone has to give it thought.



*Informative as this ad is, you can only understand our special kind of service face-to-face.*

But if it's reliability you seek, you shouldn't simply concentrate on a copier you don't have to think about. You should also consider one you might not have thought of in the first place: Royal Copystar.

Not exactly the most prominent of

**ROYAL  
COPYSTAR**

WE KNOW WHAT IT'S LIKE  
TO BUY A COPIER.

half century's worth of technical knowledge, along with decades of experience with people and how they work within the office environment.

So you see, we don't just offer you copiers you can count on. We offer you the proper solution. Before we even think about hardware, we examine such factors as your company's fixed costs (toner cartridges and paper bins come later). Then, when the time is right, we



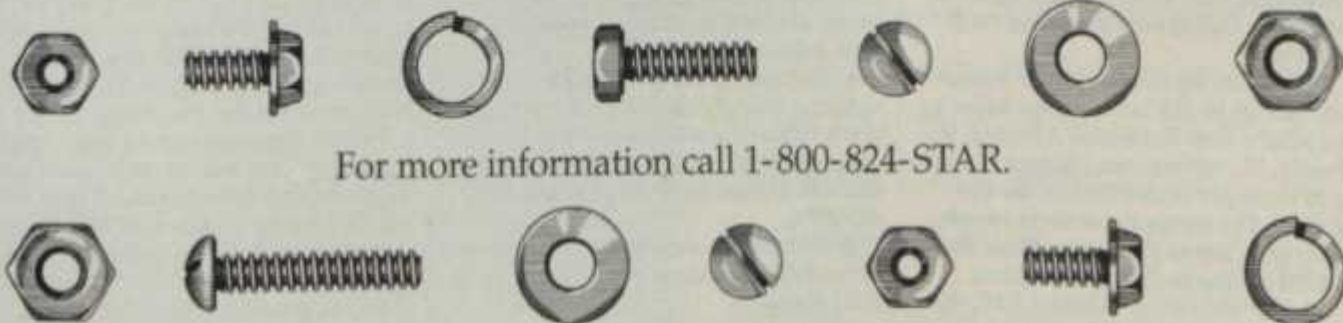
The Royal Copystar 2030



The Royal Copystar 2270

help you select from our full line of copiers, whether it's a 14 cpm desktop or a 70 cpm high-volume system.

Royal Copystar. You may not have thought about us. But then again, isn't that what you want from a copier, anyway?



For more information call 1-800-824-STAR.



## WORKPLACE

# Smooth Moves

*Relocating doesn't have to be a nightmare; planning and attention to detail can help avoid costly mistakes.*

By John Grossmann

**Q**uestion: What do small companies do about twice as frequently as large companies, and generally about half as well?

Answer: Move to a new location.

Moving-day horror stories are legion and show how small mistakes can easily explode into major problems:

■ A downtown bank schedules its move for a Saturday, and then finds its movers can't get near the new building. The streets are blocked off for a St. Patrick's Day parade.

■ A real-estate company moves to a new office, but it forgets to give its phone company five days' notice to install a phone system. For the first 2½ days in the new space, agents borrow a phone in an office two floors below to retrieve voice-mail messages left on the old number.

■ An insurance company must vacate offices in a building scheduled for renovation. Experts disconnect and prepare to move the computer system. Only then is it

discovered that someone forgot to reserve elevator time. Working all night, the technicians get the computer system back online. Four days later, the company finally gets elevator time and moves.

Relocation experts estimate that large companies move about once a decade. With hundreds of employees to resettle in new offices and fleets of vans to load and

unload, corporations knowingly view a move as the logistical equivalent of invading Normandy. The owners of many smaller companies, however, often naively compare an upcoming relocation to their last residential move, figuring, "OK, so we'll need another van or two."

Rick Cotton, a project manager and salesman for Graebel Houston Movers, in Houston, has a way of dealing with firms that refuse to plunge into the detailed planning necessary to pull off a smooth move: "I price my estimate so high I don't get the job."

Few corporate events challenge a company as dramatically as a relocation. Whether state to state, across town, or simply across the street, moving a business without mishap requires attention to hundreds of interdependent details: They include choosing a site, signing a lease, interviewing movers, keeping construction crews on schedule, buying new furniture and equipment, and, maybe, disposing of old property.

A move to new quarters raises countless and varied issues. You have to order new stationery, business cards, and invoices. Since you'll be talking with your phone company anyway, is now the time to re-evaluate your system? Is your old corporate logo in need of a make-over? Might the layout of the new parking lot provide an opportunity to do away with spots reserved for executives?

"Small companies often don't realize until they are out of time how many decisions they have to make," says Patricia Henriques, president of Management Alternatives Inc., a Washington, D.C., relocation consulting firm. "Figure 150 to 200 decisions, minimum."

Coordinating a move is a demanding



ILLUSTRATION: GERT WARRIOR

## For More Information

### To Hire A Relocation Consultant

■ Most relocation consultants are not listed as such in the Yellow Pages, so how do you find one? Ask moving companies and real-estate brokers.

In addition, the International Facility Management Association, 1 East Greenway Plaza, Suite 1100, Houston, Texas 77046-0194, may know of a consultant in your area. Call the association at (713) 623-4362.

Prices vary by location. Some consultants charge by the hour; many charge by the square foot. Relocation Advisers, in Roselle, Ill., for instance, charges 25 cents to 40 cents per square foot at the new location. The company conducts one-day workshops across the nation. Costs start at \$700 for one to three participants.

Contact Relocation Advisers Ltd., 650

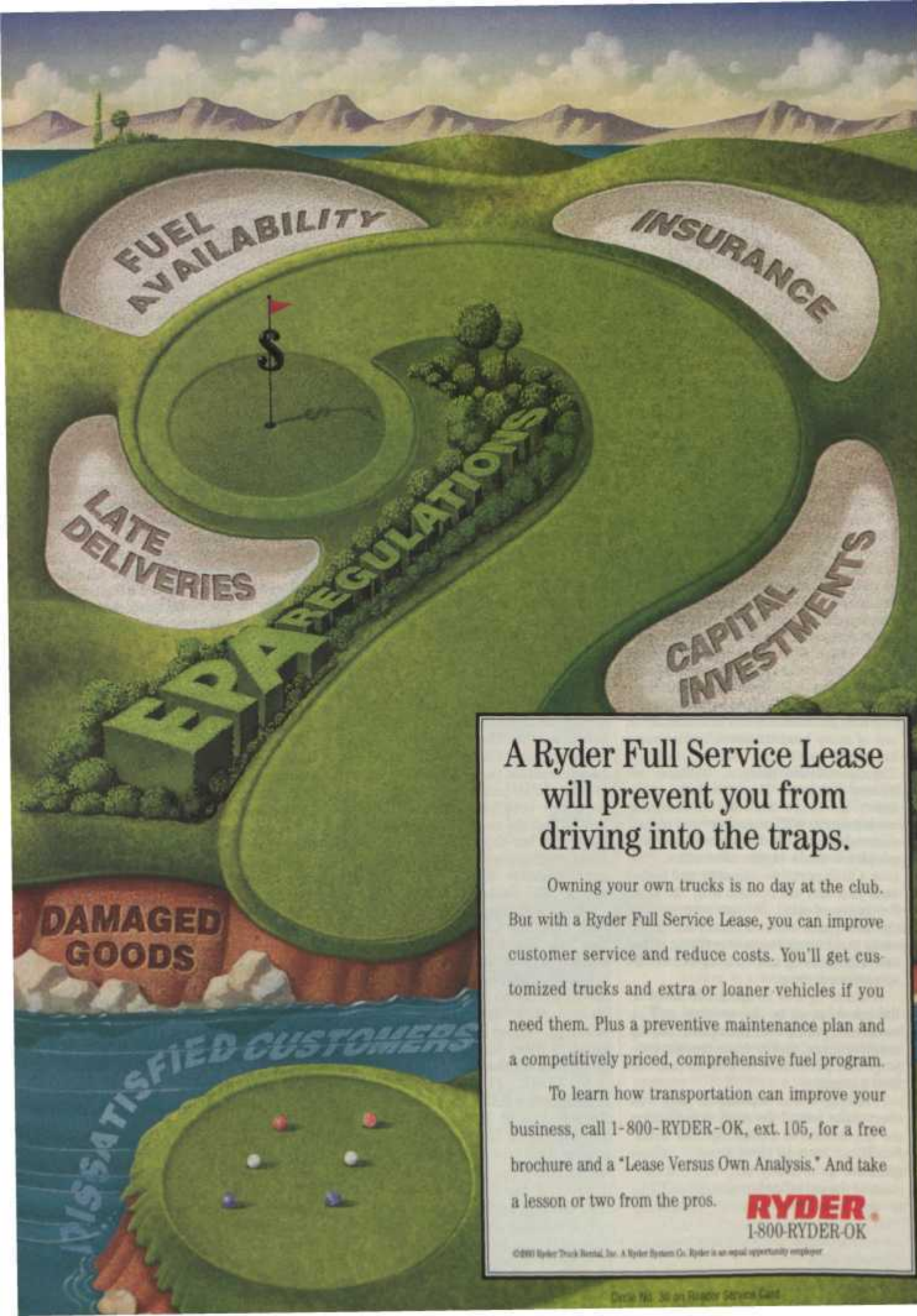
E. Lakeview Court, Roselle, Ill. 60172-1452; (708) 351-0822.

### Printed Resources

■ *The Small Company Moving Guide* was written and published by Diane Touleyrou, an office manager who coordinated the move of Personal Biographic Software, in Ann Arbor, Mich. Single copies of this spiral-bound, workbook-style resource cost \$44.95, plus \$3 for shipping and handling. Topics include ordering new phone books and writing press releases announcing the move. To order, write or call Direct Results, P.O. Box 426, Saline, Mich. 48176-0426; (313) 429-3676.

■ *Office Relocation Magazine* is a free, bimonthly publication. Call Walt Fales at (410) 666-5943.





## A Ryder Full Service Lease will prevent you from driving into the traps.

Owning your own trucks is no day at the club. But with a Ryder Full Service Lease, you can improve customer service and reduce costs. You'll get customized trucks and extra or loaner vehicles if you need them. Plus a preventive maintenance plan and a competitively priced, comprehensive fuel program.

To learn how transportation can improve your business, call 1-800-RYDER-OK, ext. 105, for a free brochure and a "Lease Versus Own Analysis." And take a lesson or two from the pros.

**RYDER**  
1-800-RYDER-OK

©1991 Ryder Truck Rental, Inc. A Ryder System Co. Ryder is an equal opportunity employer.Circle No. 36 on Reader Service Card



## WORKPLACE

# Relocation Tips

What can you do to try to ensure a smooth relocation?

■ **Plan early.** Although the big crunch of relocation details will occur in the three months before the move, you should choose your new location up to a year in advance. If you need architectural or design professionals, hire them about a year in advance as well.

■ **Choose moving day carefully.** If your business has a slow season, move then. Many nonretail businesses in warmer climates move between Christmas and New Year's Day when production might slow. Consider moving on a Friday, so everyone can unpack and settle in over the weekend.

task that, as the move date draws near, becomes a nearly full-time job. Ask Tony Williams, owner of Design Vectors Inc., a 10-person graphic design firm in the North Beach section of San Francisco.

Unlike some corporate relocations, including those connected to downsizing, Williams' move was embraced by his employees. They had outgrown their 1,500-square-foot space. They were even more eager after they learned of their new address and quarters: 4,000 square feet on the top floor of a four-story building, with good views and parking.

Williams found the new site himself on one of many lunchtime scouting missions he made with his senior designer. Throughout the process, Williams remained hands-on. Eager to learn more about his firm's network of computer workstations, Williams supervised technicians who ran 9,000 feet of computer and telephone cable in the new office. "We took a little portable computer and tested each jack and each phone line," he says. For peace of mind, he took occupancy of the new space about a month-and-a-half early, just to make sure everything in the new office was up and running before the employees arrived.

Williams figures he spent 100 hours on the move, most in the evening and on weekends, poring over floor plans, buying used furniture, and hiring a moving company that performed so well he paid the firm a bonus.

"Frankly, I was amazed at how well everything went," he says, emphasizing the importance of a small but key detail. For \$10 an hour he hired a recent college graduate as a handyman, who not only cleaned the old office but also did odd jobs at the new site, such as assembling

■ **Keep your employees and customers informed.** Print or send a special in-house electronic-mail newsletter with updates on move details and reminders of everyone's responsibilities. Provide a move kit that includes information on security and parking, office diagrams, and colored stickers for coding boxes and furniture.

■ **Move only what you must.** Relocation provides a golden opportunity to get rid of unwanted furniture and equipment. Consider donating used office equipment to a charitable organization or hold a pre-move sale for employees and clients.

"Every moving box you don't need can save you around \$20," says Gerry Bourgeois, in charge of commercial moves for Wald Mayflower in Houston. He estimates small firms can save as much as 10 to 20 percent of the cost of a move by

bookcases. As a result, Williams' core employees lost fewer billable hours.

The total cost of the move, including furnishings, came to about \$12,000. But that doesn't include the equivalent of 2½ weeks of nonbillable, unexpensed hours that Williams personally logged. Few company presidents can, or care to, devote so much time to a relocation. That's why the job of move coordinator is usually delegated and often redelegated.

Such was the case at Scanna Petroleum Resources, which moved 40 employees, their files, furniture, and equipment across the street, from one Houston high rise to another. Sharon Canady, assistant to the company's executive vice president, coordinated the move while tending to her regular duties connected to payroll and insurance benefits. Canady's boss suggested that she consider hiring a temp to help with her day-to-day work. She instead took the advice of a moving company executive and hired a consulting firm, CORE First Inc.

"Essentially they did everything," Canady says. The CORE First representative "was like a fairy godmother. But I still put in some long hours."

CORE First helped design the new office layout and had everyone position their furniture on scale drawings. These floor plans were taped to doors to guide movers in positioning furnishings.

At CORE First's suggestion, Scanna held a RAFT Day (Recycle, Archive, File, or Trash) shortly before the move. This not only cut moving costs by reducing the number of boxes that had to be transported but also helped get everybody thinking positively.

The company awarded prizes—a free car rental donated by its travel agency, for example—for the "old-

doggedly archiving and throwing out unnecessary paper.

■ **Celebrate your successful move.** If your move is on a Friday or Saturday, consider an indoor picnic the day after. Order in pizza or subs, and perhaps allow employees to show off their new office to their families as everyone unpacks. A smooth move can help bring a company closer together.

■ **Consider putting a single flower on every desk.** And Gerry Bourgeois suggests: "Don't forget the lemon oil. It may be the last time you'll see the top of your desk for a long while." And don't forget to acknowledge the long hours put in by your move coordinator. How about dinner, or, if the move was especially arduous, plane tickets for a well-deserved weekend getaway?

est" and "nastiest" items uncovered on RAFT Day. Oldest: a document dated 1878. Nastiest: a rattlesnake tail from somebody's desk.

Come move day, another trick of the trade—color coding boxes and furniture by area—paid off when a last-minute snafu in carpet installation delayed the move into one section of the office. Recalls Canady: "All we had to do was say, 'Move brown last.'"

**W**hether organized mostly from within or without, a truly successful move should look far beyond moving day. Scanna, which moved after it acquired another company and has since continued to grow, made sure its lease included an option on another floor in its new building.

To make sure it stays put for at least the five years on its lease, Design Vectors "overbought." Says Tony Williams, "We took about one-third more space than we actually needed." Smooth move or not, he "didn't want to even think about moving again."





# Customizing Your Office Technology

By Jon Pepper and Albert G. Holzinger

Until recently, computer manufacturers typically wooed business customers with promises of greater productivity. The sales literature would say: Buy our new personal computers, with their higher computing and graphics-processing speeds and other high-tech refinements, and your employees will achieve more each workday.

Now, however, many PC makers are taking a new approach by marketing industry-specific computing "solutions"—combinations of hardware components (and often software) that have been selected, integrated, and fine-tuned for specific business uses.

The computer industry hasn't totally abandoned the "bigger, faster, better" approach, but it seems to have heard the message that business buyers want packaged systems that, once installed, meet their needs immediately. What's more, they want the systems to be as simple to use as possible: Opening the boxes and setting up the equipment should be easy; training needed to operate the hardware and software should be minimal.

Consequently, major vendors have begun prepackaging solutions for business needs ranging from general word-processing and accounting tasks to multimedia presentations that include illustrations, audio, and even video or animation. If the packages that are available don't fit your needs, manufacturers are frequently willing to tailor a system for you.

To help, we've evaluated systems in the categories of general business, multimedia, desktop publishing and graphics, power computing, and mobile computing. For each category, we either evaluated systems as bundled by the manufacturer or provided examples of the minimum configuration we recommend to meet the basic business need. Any system mentioned is capable of handling a wide range of tasks in its category quickly and easily with little help from the seller or manufacturer after purchase.

Of course, many of these systems go beyond their primary tasks. A desktop-publishing system, for example, can also handle word processing and accounting; a multimedia

system will generally have the components to produce presentation graphics and corporate newsletters.

By looking for a system designed specifically for your primary business task, you'll end up with not only a system suitable for the job but also, in most instances, the best value for your computer dollar.

## General Business Systems

Shopping for a general-purpose business computer and a printer is much like choosing a family car:

There should be enough features to

please several operators but not to drive costs too high.

In performing this balancing act, don't underestimate the computer horsepower and features you are likely to need as your business grows and changes. If you scrimp on horsepower and features, you could end up owning a system that performs inadequately—or not at all.

Making a good choice is not as daunting as it may seem. There are many excellent yet reasonably priced systems available with 80486 or Pentium microprocessors, which provide high computing speed, plenty of hard-disk storage capacity, ample random access memory (RAM) to allow quick processing and printing, and even free software.

All-purpose business printers should be affordable yet reliable and capable of printing correspondence, accounting spreadsheets, and presentation graphics well. Also available at reasonable prices are peripheral devices that make office work easier or more comfortable.

Plenty of excellent PCs, black-and-white laser printers, and color ink-jet printers meet our criteria for excellence, including the following:

### Computers

**H-P Vectra Communications PC** (Hewlett-Packard Co.) Hewlett-Packard now offers several systems that are specifically designed to meet the needs of small-business users.

One of these, the Vectra Communications PC, includes hardware and software capable of handling a wide range of general business tasks, from doing heavy-duty computing, to answering the telephone, to transmitting faxes.

The base model comes with a high-quality (16-bit) sound card for playing and recording music or voices; a double-speed drive for compact disks with read-only memory (CD-ROMs); a phone-answering system; a high-speed (14,400 bits per second) data/fax modem; and software for controlling all of these functions.

One of our favorite time-saving touches is an "inbox" where incoming voice and fax messages are automatically routed.

The Vectra Communications PC comes standard with 8 megabytes (MB) of RAM and is available with a range of processors that includes the 100 megahertz (MHz)

**GENERAL  
BUSINESS  
SYSTEMS**

*Resist the  
temptation to  
scrimp on  
power and  
features.*



**H-P Vectra Communications PC**



**Epson Stylus Color Ink-Jet Printer**



## SMALL-BUSINESS COMPUTING

version of the DX/2 80486 from Intel Corp.

Retail prices start at \$2,500 and vary with hard-disk and processor configurations.

**Zeos Pantera DX4-100 (Zeos International Ltd.)** Zeos offers a host of systems that will meet most general business needs and more. All come with fast processors, ample storage and memory, and plenty of extras.

One of the best values is Zeos' Pantera system, which includes Intel's 100MHz DX486 processor. For \$2,795 direct from Zeos, you get 16MB of RAM, a 528MB hard drive, a double-speed CD-ROM drive, a local-bus accelerator to speed up graphics, an excellent 14-inch monitor, Microsoft Corp.'s DOS and Windows operating systems, and a choice of application software from Lotus Development Corp., including the popular Ami Pro word processor and the Lotus 1-2-3 spreadsheet.

Or, you can save \$400 by getting a pared-down configuration that still will be more than adequate for most business users: 8MB of RAM and a 426MB hard drive. Lotus software is not included.

Other Zeos systems worth considering feature processors ranging from a 33Mhz 486 to a 90Mhz Pentium. While all of these systems are relatively low-priced, performance is top-notch.

#### Printers And More

**Canon LBP-860 (Canon Computer Systems Inc.)** Canon makes the 600-by-600-dpi (dots per inch) LBP-EX print engine that powers Hewlett-Packard's market-leading LaserJet 4 printer, so it isn't much of a surprise that Canon's own LBP-860 delivers performance that closely matches the comparable H-P model. This eight-pages-per-minute Canon printer comes standard with a generous 2MB of RAM, a 250-sheet paper tray, and 45 internal type fonts. List price is \$1,839.

**Epson Stylus Color (Epson America Inc.)** Epson's new color ink-jet printer is a good match for most small offices. The Stylus produces 360-by-360-dpi text or color graphics output on plain paper, but on special paper it provides 720-by-720-dpi resolution with rich and almost photo-realistic results, albeit at slow speeds.

Epson also provides proprietary software with the Stylus that processes and sends images from your computer to the printer faster so you regain control of your PC sooner. Retail prices of this model should stabilize at about \$550.

**Sharp JX-9460PS (Sharp Electronics Corp.)** Sharp's JX-9460PS rates high marks for its supercompact design, its 600-by-600-dpi output, and its full compat-

## MULTI-MEDIA SYSTEMS

*Affordable tools like these make professional results attainable.*



**NEC MultiSync 6FGp 21-inch Monitor**



**Tektronix Phaser 220**

ibility with Adobe Systems Inc.'s widely adopted PostScript type standards.

Other key features include a 250-sheet paper tray and speed of six pages per minute. Plus, the 9460PS has a retail price of less than \$900, which is excellent for a 600-dpi PostScript printer.

**Texas Instruments microMarc Color (Texas Instruments Inc.)** Texas Instruments has developed a low-cost ink-jet printer that combines high-resolution (600-by-300-dpi) black-and-white text with 300-by-300-dpi color graphics. The microMarc Color printer is easy to set up and use, can print as many as five pages per minute in black and white, and can adequately print color graphics and text on plain paper. Plus, TI provides well-designed Windows-based software that automatically handles all color adjustments or lets you choose on your own. The compact microMarc Color meets all of a small office's monochrome printing needs—and provides color to boot. The retail price is less than \$400.

**Microsoft Keyboard (Microsoft Corp.)**

Concern about keyboard-related repetitive-motion injuries has led Microsoft to develop a radical new keyboard after extensive user and ergonomic testing. This new input device features a split keypad, which the company says provides a more natural hand position for typing, an adjustable keyboard angle, and several Windows-specific function keys. Retail price is \$99.

### Multimedia Systems

A growing number of business people are learning that affordable computing tools allow them to compose professional-quality sales and training materials, presentations, and other combinations of still graphics, text, and even sound and motion pictures.

These multimedia computers need several features to do their job effectively: a powerful processor to handle graphics effectively, a double-speed or faster CD-ROM drive to play back video smoothly, lots of RAM to keep large image files in memory, and loads of hard-disk storage. The following systems (unlike many of the widely advertised home and small-office computers) have all of those features.

Any multimedia system's printer must be able to handle the wide range of documents you likely will create. Color isn't mandatory, but it's a big plus if you can afford it. We believe either of the two printers below will complement your multimedia system.

#### Computers

**NEC Technologies Image 4100m (NEC Technologies Inc.)** NEC has a full line of multimedia systems designed with business users' needs in mind. All are outfitted with 8MB of RAM, a 420MB hard disk, NEC's own award-winning triple-speed MultiSpin 3Xi CD-ROM drive, an industry-standard 16-bit sound card, speakers, and all of the software necessary to operate Windows multimedia applications.

We evaluated the 4100m, which has Intel's 100Mhz 486DX4 processor (other models use the somewhat slower DX2/66 or DX2/50 processors), and were impressed. The 4100m proved to be quite adept at flying through a whole range of business and multimedia programs, and it had memory and storage capacity to spare.

This system also comes with Lotus ScreenCam, which lets you record and play back any combination of sound, graphics, and video. The approximate selling price is \$3,350. Expect to pay about \$2,500 more for a MultiSync 6FGp 21-inch monitor.

**Packard Bell 100Mhz Pentium Multimedia (Packard Bell)** The Packard Bell brand name may not yet have the cachet



of IBM or Compaq, but the company now is one of the top four suppliers of personal computers in the United States. Why? High-performance systems at bargain prices, like the 100MHz Pentium multimedia system, are a big reason.

With this system, you get not only a top-of-the-line Pentium processor but also 8MB of RAM, local-bus video for speedy handling of graphics, a built-in fax modem, a double-speed CD-ROM drive, a 16-bit sound card, and speakers.

Packard Bell also includes a generous selection of multimedia reference titles, including the New Grolier Encyclopedia, the World Atlas, the U.S. Atlas, and Macromedia Action!, a program for creating multimedia business presentations. The retail price is \$2,999.

#### Printers And More

**Okidata 410e/PS (Okidata)** Okidata has earned a well-deserved reputation for delivering excellent products at reasonable prices, and the company's 410e/PS can only enhance that image.

The compact printer uses light emitting diodes to produce crisp 600-by-600-dpi documents at four pages per minute. This PostScript-compatible printer is excellent for desktop publishing chores. It comes with 37 built-in Adobe typefaces, 12 H-P PCL fonts, and U.S. Postal Service bar code symbols. Moreover, it incorporates Adobe's patented Memory Booster Technology, which allows the printer's 2MB of RAM to accommodate complex documents that normally would require as much as 5MB to process.

The 410e/PS features a full-range of connection options and a five-year print head warranty. The list price is \$1,249.

#### Tektronix Phaser 220 Series

**(Tektronix Inc.)** Tektronix is among the market leaders in color printers, and its Phaser 220 product line uses a thermal-transfer engine to provide 600-by-300-dpi output on most plain papers. The Phaser 220 series of printers supports Pantone Inc.'s color-matching system to provide precise, industry-standard color. The Phaser 220e has a list price of \$3,995 and comes with 8MB of RAM and 17 Adobe internal fonts. The 220i has a list price of \$5,995 and comes with 10MB of RAM and 39 typefaces.

Both models come with parallel, serial, and AppleTalk ports, and the 220i provides for a wide range of network connections. Either will produce about the best-looking color output you can get from a thermal printer.

**W 222 SX Wireless Stereo Speaker/Headphones (Recoton)** One of the most practical and best solutions for reproduc-

ing sound from your multimedia computer to your office is the W 222 SX wireless speaker and headphone system from Recoton. You simply plug the transmitter into your PC's sound card and then place the portable wireless receiver anywhere. The tiny receiver will accept either a headphone or two portable speakers. A result is rich, full sound without any wiring hassles or limitations. The retail price is \$149.95.

*The latest equipment is making it easier than ever to produce attractive documents.*

## DESKTOP PUBLISHING/GRAPHICS



**Dell Dimension XPS P90**



**H-P ScanJet IIcx**



**QMS Magicolor Color Laser Printer**

## Desktop Publishing/Graphics

Several manufacturers now offer computers that are factory-configured for desktop publishing or other graphic-intensive tasks. As with multimedia PCs, the key features to look for in desktop publishing systems are robust processors, loads of RAM, and a capacious hard disk. A CD-ROM drive is a nice extra for loading typefaces and clip art, but it's not a must.

What should you demand of a printer slated for publishing chores? Rapid output, PostScript capabilities, and, for many users, the capacity to print color. You also might consider a printer that can handle 11-by-17-inch paper.

The desktop publishing capabilities of the devices below are limitless.

#### Computers

**Dell Dimension XPS P90 (Dell Computer Corp.)** Dell offers a top-notch publishing platform. Although the Dimension XPS P90 doesn't include preloaded software (Dell currently is considering this as an option), it is a solid choice with its 90MHz Pentium processor, 32MB of RAM (upgraded from the standard 8MB), a 1-gigabyte (1,024MB) hard drive, a 15-inch monitor, a high-performance true-color video card, and NEC's triple-speed CD-ROM drive. The price direct from Dell is \$4,177.

**Digital PC Publishing Solution Plus (Digital Equipment Corp.)** DEC offers an out-of-the-box publishing solution with all of the hardware and software needed to handle any sort of Windows-based color publishing. The hardware is based on an Intel 486 DX/2 running at 66MHz, with 32MB of RAM, a double-speed CD-ROM drive, a 1-gigabyte hard drive, a photo-realistic color graphics card, and a 19-inch monitor that can display two layout pages at once.

Plus, the system comes with preinstalled publishing software that leads the industry: either Aldus Corp.'s PageMaker or Quark Inc.'s QuarkXPress page-layout programs. It also comes with 200 PostScript typefaces from Adobe and assorted publishing utilities and programs. This is a true, high-end, plug-and-play solution. The price direct from Digital is \$11,999.

#### Printers And More

**Hewlett-Packard LaserJet 4+ (Hewlett-Packard Co.)** H-P continues to produce the world's best-selling laser printers. Its latest standard-setter is the LaserJet 4+, which combines 600-by-600-dpi resolution with H-P's Resolution Enhancement Technology, which automati-



## SMALL-BUSINESS COMPUTING

cally makes output appear even sharper. Moreover, the LaserJet 4+ boasts a speedy print engine that operates at 12 pages per minute. The 4+ comes with H-P's PCL 5 printer language, and it can be upgraded to PostScript, an option most desktop publishers prefer. Other options include up to 34MB of printer memory and two-sided printing capability. The base model retails for about \$1,500.

**QMS Magicolor Laser Printer (QMS Inc.)** The manufacturer, which developed the first color laser printer, now offers the first color laser printer with 600-by-600-dpi resolution.

The Magicolor operates at eight pages per minute for black-and-white printing and two pages per minute for color. The system comes with 65 typefaces, is compatible with all major printer languages, and can attach to almost any Windows, DOS, Mac, UNIX, or OS/2 computer. The list price is \$10,999.

**Hewlett-Packard ScanJet IICx Scanner (Hewlett-Packard Co.)** H-P's ScanJet IIC provided a highly regarded means of scanning documents and images into a PC, so what did the company do for an encore? It unveiled the ScanJet IICx, which performs up to twice as fast and has a list price about 25 percent lower than its predecessor's.

The new ScanJet provides eight-second black-and-white scanning at up to 1,600-by-1,600-dpi resolution. The flatbed scanner can be equipped with a 50-page document feeder (\$559) and an adapter to scan 35-mm slides (\$759).

Moreover, the IICx comes with competent optical character recognition (OCR) and document management software. The list price is \$1,179.

## Power User Systems

Engineers and many other business users need all the power a computer can provide: a lightning-fast processor, lots of memory, a huge hard disk, a large, sharp monitor, and many extra features. Today, these so-called power users have any number of fine high-end systems from which to choose, and this abundance has sparked fierce price wars. A few of our favorites follow.

In addition, power users demand printers that are fast, efficient, and versatile. Most of the multimedia or desktop publishing printers mentioned previously also are good choices for power users. So is the Lexmark printer, described below.

### Computers

**AST Premia GX (AST Research Inc.)** We haven't done a hands-on test of AST's new Premia DX yet, but we were

impressed by the trade show preview we saw. The Premia GX's standard processor, a 90Mhz Pentium from Intel, is state-of-the-art, but even this configuration seems slow in comparison with the top-of-the-line Premia processor option: dual 100Mhz Pentiums.

The Premia GX features numerous other speed-enhancement features, including lightning-fast local-bus video

An abundance of high-end models has sparked fierce price wars.

## POWER USER SYSTEMS



AST Premia GX



Power Mac 8100/80



Lexmark WinWriter 600

and hard-disk drive controllers. But AST didn't sacrifice ease-of-use features such as built-in support for networking and automatic recognition of add-in devices built to emerging plug-and-play specifications.

If you want a fast and elegant PC, be sure to consider this model. A standard model, with the 90Mhz Pentium, 16MB of RAM, a 730MB hard drive, and a double-speed CD-ROM drive, will probably retail for about \$4,800.

### Gateway P5-90 Tower (Gateway2000)

Gateway has grown from a small business based in a cow barn into a publicly owned company approaching \$2 billion in annual revenues by providing systems that satisfy the needs of power users at prices even the most casual business users can appreciate. The P5-90 Tower is a blockbuster configuration with standard equipment that is hard to beat: a 90Mhz Intel Pentium processor, 16MB of RAM that is fine-tuned for top performance, a 540MB hard drive, the super-fast Mach 64 graphics adapter from ATI Technologies Inc., a double-speed internal CD-ROM drive, a 16-bit industry-standard sound card with two excellent Yamaha speakers, and Gateway's own fine 17-inch CrystalScan monitor—all in a large case with room to expand.

Plus, Gateway includes two operating systems, Windows for Workgroups and version 6.2 of DOS, along with Microsoft's Office Professional software suite, which includes Word for word processing, Excel for spreadsheets, Access for data-base management, PowerPoint for presentation graphics, and Mail for sending and receiving electronic messages.

We tested a P5-90 Tower with an added 16MB of memory to give it even more punch and were impressed by its abilities. Right out of the box, the P5-90 made short work of intensive computational tasks, from accounting to computer-aided design, and on and on. This is an excellent value at \$3,999 direct from Gateway, including a three-year warranty.

**IBM ValuePoint Pentium (IBM PC Direct)** IBM's PC Direct business offers a Pentium-based system with a 527MB hard drive, 8MB of RAM, and excellent video. We suggest adding an extra 8MB of RAM and opting for IBM's 17V monitor to round out the package. As with many other systems purchased by direct mail, you can tailor your order with IBM PC Direct. The cost of this system with the added RAM and the larger monitor is about \$4,350.

**PowerMac 8100/80AV (Apple Computer Inc.)** Apple's widely advertised Power-



# CAN YOUR BUSINESS SURVIVE YOUR FAMILY?

New From  
Nation's Business



Can't understand why dad won't retire? Think your kids could never run the company? Worried how the family business will survive?

"Making Your Family Business Outlast You" can help ensure that your business is passed on successfully to the next generation.

Developed by three of the country's leading family business authorities, the six-cassette audio program and "how-to" workbook give you insights and techniques on:

- Communicating Your Family Business Vision
- Understanding Your Family and Managing Family Conflicts

- Managing Your Family Business
- Raising Your Children For Leadership
- Preparing and Implementing A Succession Plan
- Finding and Using Advisers and Directors

Half of all family businesses risk failure because they don't have a succession plan—don't let yours become one of them. Order "Making Your Family Business Outlast You" today!

CALL TOLL FREE  
1-800-538-4400.

**YES**, please send me the "Making Your Family Business Outlast You" audio cassette program kit! If I'm not completely satisfied, I can return within 15 days for a full refund.

☐ Check enclosed for \$95.00  
Please enclose \$4.00 for shipping and handling.

☐ Please bill my credit card: ☐ AE ☐ MC ☐ VISA

Card Number \_\_\_\_\_ Exp. \_\_\_\_\_

Signature \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

UPS Shipments Only—No P.O. Boxes. CA and D.C. residents add sales tax.  
Nation's Business, Circulation Department,  
1615 H Street, NW., Washington, D.C. 20062

NB0094

**Nation's Business**

Circle No. 44 on Reader Service Card



## SMALL-BUSINESS COMPUTING

Mac computers are impressive machines, with tremendous processing power. The 8100/80AV uses the 80 Mhz version of Motorola Inc.'s PowerPC chip and comes standard with a dual-speed CD-ROM drive and high-quality stereo capabilities. The machine also features nifty software that lets you run Windows as well as Macintosh applications, albeit not as well as on an IBM-compatible machine.

In terms of raw processing power, the PowerMac is awesome indeed when running applications written specifically for the PowerPC chip (only a few of these so-called native applications are available at this time).

This power comes at a formidable price. Configured for a power user or graphics professional, with 24MB of RAM and a 1-gigabyte hard drive, this PowerMac's price tag tops \$7,000.

#### Printers And More

**Lexmark WinWriter 600** (Lexmark International Inc.) This 600-by-600-dpi laser printer has an engine that operates at eight pages per minute, and it was developed in conjunction with Microsoft as a Windows-specific printer. Not surprising, the printer comes with 44 Microsoft TrueType fonts.

Microsoft and Lexmark work together to assure that the WinWriter faithfully produces graphics and fonts as they appear on screen. The WinWriter 600 also includes excellent printer-control software and several interesting extras, like bi-directional data flow. That is, the printer not only accepts data from the computer (i.e., your document) but also sends information back to the PC regarding its status. Many consider this "intelligent" printing the wave of the future. At \$1,399, the WinWriter 600 offers plenty of printing power.

**U.S. Robotics V.Everything modem** (U.S. Robotics Inc.) The latest and greatest modem standard is VFast, which uses a 28.8 kilobytes per second (Kbps) data engine, twice the current 14.4 Kbps standard. U.S. Robotics V.Everything modems meet this and several others in the alphabet soup of high-speed data-transmission standards. Plus, VFast modems are designed to handle mediocre phone line connections without trouble. The Courier V34 Ready Fax modem handles fax as well as high-speed data. The list price is \$595.

### Mobile Systems

Traveling business people have come to demand from a mobile computer system pretty much all of the power and features they have on their desktop PCs. Technology advancements have made this de-

## MOBILE SYSTEMS

*Portable computers have much of the power and features of desktop PCs.*



**Toshiba Portégé 3600CT**



**NEC Versa S**

mand reasonable, although there continues to be a price premium for miniaturization. Following are some of our favorites in this product-rich category.

We aren't listing any portable printers in this section, however. Why? Although there are a few credible products, in particular Hewlett-Packard's DeskJet 310 portable, there hasn't been much innovation in this category lately. Until portable printers get lighter, faster, and easier to carry, you're probably better off without them.

In the meantime, we suggest that you use the printers made available to guests at most hotels and airport clubs, or that you buy a fax/modem that can fax or e-mail documents you produce when traveling.

#### Computers

**Compaq Contura Aero** (Compaq Computer Corp.) Looking for a portable computer that weighs as little as possible for performing common business tasks

such as writing memos and handling communications? Take a look at the Compaq Contura Aero subnotebook, which has a 25Mhz 486SX processor, an 84MB hard drive, an 8-inch monochrome VGA screen, and an integrated pointing device, yet weighs only 3.5 pounds.

The Aero doesn't have a built-in floppy drive (an external floppy is optional), but it does feature an industry-standard expansion slot for a modem and comes preloaded with the DOS and Windows operating systems. The list price is \$1,399.

**NEC Versa S** (NEC Technologies Inc.) NEC has designed its new Versa S series to solve a somewhat thorny problem: Many mobile users like the idea of a lightweight subnotebook but are turned off by their compact keyboards and screens.

NEC hopes to appeal to this group with its Versa S, a reduced weight notebook. It is roughly the same size as a conventional notebook PC (10.8 by 8.3 inches) but weighs just 4.2 pounds in the monochrome version, which is comparable in weight to a subnotebook.

Moreover, the Versa S offers a large 9.5-inch screen in either monochrome or color, a full-size keyboard, and hard-disk storage up to 260MB.

The Versa S features either a 33Mhz or 50Mhz 486 processor and has an integrated pointing device. List prices range from \$1,999 (33Mhz with monochrome display) to \$3,899 (50Mhz with high-quality color screen).

**Texas Instruments TravelMate 4000M Series** (Texas Instruments Inc.) Texas Instruments has taken the demand for portable multimedia seriously, and the TravelMate 4000M notebook is a formidable result.

Available with Intel 486 processors ranging in speed from 25hz to 75Mhz, all of the M series notebooks include high-quality sound cards, an internal microphone and speaker, and a port for attaching musical keyboard or other sound-input devices.

You can add TT's portable CD-ROM docking station, which attaches to the bottom of the system and includes a double-speed CD-ROM drive and stereo speakers. Plus, the 4000M can be outfitted with a crisp color display, up to 340MB of hard-disk storage, and all of the other features you would expect in a top-of-the-line portable.

We evaluated the top-of-the-line 4000M/75, which sells for about \$5,300 and weighs 6.4 pounds. This model comes with a 340MB hard drive and the high-end color display. We also looked at the CD-ROM docking system, which sells for an additional \$849 and adds just under 5 pounds to the system weight. For porta-



ble multimedia, we found the 4000M to be a top-notch solution.

**Toshiba Portégé 3600CT** (Toshiba America Information Systems Inc.) For years, Toshiba has largely set the standard in subnotebook performance—superportable systems that require few if any computing compromises of mobile power users. The company recently upgraded its trend-setting Portégé line with the T3600CT model, adding a faster (50Mhz 486) processor, a bigger (250MB) hard drive, and a larger (8.4-inch-diagonal) color screen. The result is a 4.4-pound computer that delivers desktop-like performance with all of the trimmings: speedy graphics, a built-in pointing device, plenty of expansion capacity, ample (three to six hour) battery life, and preinstalled software including Traveling Software Inc.'s well-regarded communications software, CommWorks for Windows. Plus, Toshiba includes a three-year warranty. Suggested retail price: \$4,799.

**Z-LITE** (Zenith Data Systems) Zenith Data's new Z-LITE system is a stylish, powerful subnotebook with aggressive pricing that makes it especially attractive for volume business purchases. Based on

## For More Information

To learn more, call the manufacturers at the numbers listed below:

Apple Computer Inc.: 1-800-776-2333  
AST Research Inc.: 1-800-876-4278  
Canon Computer Systems Inc.:  
1-800-848-4123  
Compaq Computer Corp.: 1-800-345-1518  
Dell Computer Corp.: 1-800-348-6156  
Digital Equipment Corp.: 1-800-804-3134  
Epson America Inc.: 1-800-289-3776  
Gateway2000: 1-800-846-2063  
Hewlett-Packard Co.: 1-800-752-0900  
IBM PC Direct: 1-800-426-7599  
Lexmark International Inc.: 1-800-358-5835  
Microsoft Corp.: (206) 882-8080

NEC Technologies Inc.: 1-800-NEC-INFO,  
1-800-632-4636  
Okidata: 1-800-OKIDATA, 1-800-654-3282  
Packard Bell: 1-800-733-4411  
QMS Inc.: 1-800-523-2696  
Recoton: 1-800-742-3438  
Sharp Electronics Corp.: (201) 529-9593  
Tectronix Inc.: 1-800-835-6100  
Texas Instruments Inc.: 1-800-TI-TEXAS,  
1-800-848-3927  
Toshiba America Information Systems Inc.:  
1-800-334-3445  
U.S. Robotics Inc.: 1-800-DIAL-USR,  
1-800-342-5877  
Zenith Data Systems: 1-800-533-0331  
Zeos International Ltd.: 1-800-554-5218

a battery-friendly 3.3-volt Cyrix 486DLX processor, the Z-LITE comes standard with 4MB of RAM (expandable to 12MB), either a 200MB or 340MB hard disk, a 7.8-inch-diagonal color VGA display with a fast video card, and an integrated pointing device.

The Z-LITE features two industry-standard expansion slots, as well as a full complement of ports for attaching exter-

nal devices such as a printer and the ability to drive an external VGA monitor at high resolution.

Zenith preinstalls the Windows for Workgroups and DOS operating systems, online system documentation, and CoSession communications software, which allows technicians to troubleshoot the machine from afar via modem. The Z-LITE retails for less than \$2,000. **NE**

Call  
1-800-494-5433  
For Your FREE Booklet!

## Keep The Family In The Family Business.

Running a family business has never been easy. But the hardest part may be deciding when and how to hand it down to the next generation. At MassMutual, we can show family business owners and their advisors how life insurance can help fund crippling estate taxes ensuring a smoother, easier transition. Call us at 1-800-494-5433 for an authoritative FREE booklet on ways to keep the family business in the family.



**MassMutual®**

We help you keep your promises.®





# World-Class Technology, Compliments Of IBM

There were no computers when the Braun Brush Co. was established in Albertson, N.Y., on Long Island. In fact, there were no airplanes or automobiles.

But in 1875, when the company was founded by Emmanuel Braun, business was booming in the greater New York area, and many of the firms there used industrial brushes. As New York became one of the world's largest cities, Braun Brush expanded into a world-class supplier of brushes.

The company currently stocks more than 2,000 types and sizes of brushes and can manufacture about 10,000 more to order.

Most of Braun's sales are generated through the 300,000 to 400,000 catalogs mailed annually to more than 140,000 current and prospective customers, says Max Cheney, the company's chairman.

When Cheney's son Lance joined the business 10 years ago, much of the inventory control, accounting, and sales methods resembled those used at the beginning of this century. Most work was hand-recorded on paper.

Then computers came to Braun.

Lance Cheney, now president of the company, understood the value computers could add to growing businesses. In 1985, he oversaw installation of an IBM client-server system customized to meet Braun's mail-management, inventory-control, and accounting needs. "People at the company were afraid of IBM and its computers back then," reflects Max Cheney. "I told them to hug the computers if that would help them feel more comfortable, but use them."

And that's what they've done, Cheney says, to make mailing more



Max (right) and Lance Cheney of Braun Brush Co. welcome IBM's commitment to helping small and midsize firms.

efficient, eliminate unneeded inventory, and reduce the time it takes to invoice customers from two weeks to less than a day.

Max Cheney says his sense of IBM's commitment to meeting the needs of small and midsize businesses like his was elevated to new heights recently. This spark was generated by Cheney's attendance at the New York City edition of IBM's just-completed nationwide series of conferences, which was titled "The CEO Experience: Pathways To Growth."

The May and June series of eight day-long events provided educational opportunities to the presidents and CEOs of fast-growing businesses with 100 to 1,000 employees. The programs were designed to help

small-business leaders discover the best ways to compete in today's challenging economic environment, and to offer insights on how to build customer loyalty, save time, and expand market share.

Says Wirt M. Cook, general manager, distribution and marketing, IBM United States: "Our objectives were to provide both an enjoyable and educational forum for CEOs and presidents of small and growing businesses, and to create an environment where executives would have an opportunity to network with other executives."

Cheney was especially impressed with an elective session at the conference titled "How To Thrive, Not Just Survive, in Distribution," led by Charles Bodenstab, chief financial

officer of Data Systems and Management Inc. "I never heard

anyone talk with such insight about inventory control," Cheney says. "In fact, I went out and bought his book."

Also featured at the conferences were IBM executives and such highly successful entrepreneurs as Randall K. Fields, chairman of Park Cities Group, a consulting firm, and co-founder of Mrs. Fields Cookies; Jim McCann, president of 1-800-FLOWERS, a national flower-delivery service; and Brenda French, owner of French Rags, which makes clothing for women.

The conferences were moderated by Jane Applegate, recently named the U.S. Small Business Administration's small-

business media advocate of the year. Applegate also is a syndicated columnist and author of several books, including the upcoming "Jane Applegate's Strategies for Small-Business Success."

The response from people who attended the conference was "remarkable," according to Applegate. In the past, she says, "entrepreneurs tended to delegate authority for buying equipment, but now they seem to realize it's a big decision they ought to be involved in."

At the conferences, IBM's latest client-server, workstation, desktop, and portable-computing technologies were on display in Solutions Centers. These technologies can help small companies thrive in industries such as health care, finance, manufacturing, and distribution.

For information on IBM technology solutions for your industry and the names of local IBM Business Partners, call IBM's General Business and Distribution Group at 1-800-IBM-3333 (1-800-426-3333).



# Shades of success.



© 1994 IBM Corp.

## Color Me Beautiful works with hundreds of colors. IBM helped them enhance one: Green.

Five years ago, at our first meeting with Steve DiAntonio, President of Color Me Beautiful, he told us quite frankly:

"We're in the cosmetics business, not the technology business."

Five years later, with a 40% annual increase in sales and cash flow, Steve and his company are turning others in the industry a soft shade of envious green.

Back when Color Me Beautiful outgrew their computer system, they began interviewing technology vendors.

And no, IBM was *not* the most expensive. In the words of Lee Nelson, CFO, "We shopped around. Not only were they very competitive, but the guys from IBM talked about tailoring a system

for our specific situation. Others wanted to take a more off-the-shelf route."

Together with Color Me Beautiful, we developed a business plan that's being followed to this day. It involves managing inventory, electronic order-writing, point-of-sale, plus all distribution and delivery.

"The best part," Lee adds, "is that if I have a question or a problem, I make a single phone call and IBM is there."

No matter what *your* favorite color is, we and our Business Partners can help you stay very much...in the black.

For a free booklet on how technology can help growing businesses, call us at 1 800 IBM-6676, ext. 638.

**IBM**



# Family Business

*Carrying on a pioneer's work; discovering what makes family firms prosper; avoiding a potential conflict.*

## OBSERVATIONS

### A Legacy Of Friendship

By Sharon Nelson

Before she died of ovarian cancer last September, Barbara Hollander, a spirited, pioneering family-business consultant from Pittsburgh, often discussed with her friend Fredda Herz Brown how Hollander's work would carry on.

The family-business workshops and seminars for women that Hollander had started with Matilde Salganicoff, a Philadelphia consultant, would continue under the direction of Salganicoff and Brown, a consultant who is based in Leonia, N.J. But Brown was looking for something more. She suggested a forum that would bring women family-business consultants together to explore issues of gender and family business.

"When I shared the idea with Barbara, she thought it would be wonderful and participated (as only she would) in naming some of the women she wanted to invite," Brown wrote in a letter of invitation to about 35 women.

In response, 16 women gathered at a hotel in White Plains, N.Y., on a recent Sunday evening for the first Barbara Hollander Symposium for Women Consultants in Family Business. I felt especially honored to be invited because I am

a writer, not a consultant. Other women were full-time consultants or did consulting on the side, from their posts at universities or as business owners.

A few of us knew each other well, but mostly we were merely acquaintances or were meeting each other for the first time. What a difference a day-and-a-half makes! By the end of the symposium on Tuesday, we had become warm and intimate friends, drawn together by a passion for family business and imbued with Barbara Hollander's spirit.

Guided by the notion that you can't take a family business farther than you have gone yourself, we talked about some of our most personal issues and dreams, as well as our strengths and our limitations. To begin to think about how we might help women address issues of power (women in family businesses often think of power as wrong and have difficulty assuming it), we discussed our own attitudes.

Through exercises involving guided imagery and the drawing of "genograms"—charts of our families that help us see the effects of family events and personalities on our own lives—we



looked at where we were and where we wanted to go.

During our last session, we talked about the bonds we were creating with one another, and we enthusiastically set a date to meet next year. We took on responsibilities: One woman said she would do an informal newsletter to help keep us connected; others agreed to serve as the committee to determine the criteria for an awards program that has been set up in Hollander's memory.

What we felt, so strongly, was that Hollander—through Brown, who had organized the event—had given us all a gift. For myself, it was a gift of new friendships, new resources, and a renewed commitment to helping family businesses be the best that they can be.

But another thought occurs to me, too. Why couldn't more of us leave a legacy like this one, using the final moments of our lives (or doing it now!) to help create an event or experience that brings people together for friendship, personal and professional development, and perhaps purposeful action? What a good idea for members of the senior generation in a family business to consider.

## PLANNING

### How Successful Business Families Get That Way

By John L. Ward and Craig E. Aronoff

Over the years, we've been blessed with the opportunity to meet and study many of the world's oldest and largest family firms. We're impressed with how often we find them practicing similar methods of achieving their success.

We believe that these highly successful models offer lessons valuable to even the smallest and youngest family firms. As one family in business told us: "We like to focus on what we hope to become and act that way now. That way, we're much more likely to get there!"

Here are the factors we find common to the most successful family firms:

■ **Selective family employment.** The oldest firms have policies that seek to limit jobs to those family members who are very qualified. Over time, these families have found that to do otherwise chases away the most talented leaders in the family and erodes the effectiveness of the business.

Selective employment clarifies that working in the business is more an opportunity than an obligation. When family members feel obliged to work in the family business, they lose motivation.

Selective family employment also reinforces the importance of merit in compensation and advancement for everyone.

■ **Freedom to sell stock.** Family



John L. Ward, left, is the Ralph Marotta Professor of Private Enterprise at Loyola University Chicago. Craig E. Aronoff holds the Dinon Chair of Private Enterprise at Kennesaw State College in Marietta, Ga. Both are family-business consultants.



shareholders who feel locked into their ownership can become mistrustful or turn into harsh critics of the business. Sometimes family members are told they are disloyal to the family if they exercise their ownership prerogatives. In time, these pressures can explode. The families we hold as models usually make everyone feel that selling shares back to the business or to other family members is acceptable.

■ **Written family mission statement.** Successful families are bound together more by strong values and purpose than by shared business ownership. Rather than letting the business run their lives, they identify how business ownership helps strengthen and perpetuate important family values. Their family mission is to perpetuate those values, with or without the business. Some of the values that strengthen family and the business include integrity and mutual trust.

■ **Open, coordinated estate planning.** As families grow more complex, the advantages of sharing estate plans with all members become clear. Each benefits from the knowledge of everyone else. In addition, the business is better insulated from surprises that result from poor or secretive estate planning.

Just as important, open and coordinated estate planning reinforces trust among family members. It also demonstrates care for responsible ownership.

■ **Family educational meetings.** Successful families meet regularly to learn together. They learn about the business together, including its heritage and how to interpret its financial performance.

They invest in learning skills together, often by hiring a trainer or by attending seminars. The most common topic they study is family communications—including listening. They also learn about conflict resolution, behavior patterns, and raising children of affluence.

■ **Traditional times for fun.** The strongest families establish regular occasions just to be together as an extended family and to have fun.

Most often, the tradition is an annual vacation—to a cabin, for example, or skiing, or camping. For others, it's a sailboat or weekend home frequented by everyone. Whatever the activity, everyone looks forward to the tradition, and *business talk is off-limits*.

■ **Family leadership succession.** It's important to separate family leadership from business leadership. Each job is important, demanding, and different. Both need continuity.

At the beginning of the business family's history, we find the parent who is not consumed in the business to be tremendously dedicated to the family's welfare. That parent stresses the personal development of each person, teaches good family communication skills, and builds or maintains family traditions.



ILLUSTRATION: DAVID CHEN

When the business founder and the original family leader die, both roles need to be filled. Successful families assure that there is a well-prepared successor to family leadership, whether it's one person or a family committee or council. The best solution is one that does not depend on the business's leader. It's important to remind the family that it doesn't live for the business.

■ **Understated wealth.** The most successful, long-lasting families are not flashy with their money (or power), nor conspicuous in their spending. They realize that how they use their money sets important precedents and attitudes for future generations. They establish traditions within the younger generation of saving and charitable giving.

■ **Independent business boards.** The most prevalent advice to others from successful families in business is to recruit respected, objective, outside directors to their boards. Independent directors assure a forum for making difficult decisions with the highest of standards and the best of care. They also bring a freshness and creativity to help keep the company's strategy and culture current and flexible.

■ **Eagerness to learn and improve.** The most successful families in business are active students of family business. They read and discuss newsletters, articles, and books about family businesses. As a family, they attend family-business seminars. Family members visit and study other successful family firms. The family invites other successful families to share their experience at family meetings.

We hope these principles are helpful to you. We encourage you to discuss them at a family meeting. There is always a lot we can learn from the successful experience of others.

## MARK YOUR CALENDAR

### Sept. 20, Ann Arbor, Mich.

"Family Business Succession Planning: The Human Aspects" is a seminar for family-business owners and managers. Contact Sullivan & Sullivan, 455 E. Eisenhower Parkway, Suite 210, Ann Arbor, Mich. 48108; (313) 769-8000.

### Sept. 23-24, New York

"Family Business Forum" is for family members who wish to improve their abilities to evaluate strategic options. Sponsored by Cornell University. Call the Executive Education Programs registration coordinator at (607) 255-4251.

### Oct. 5-8, Scottsdale, Ariz.

"Challenging Assumptions" is the theme of the annual conference of the Family Firm Institute. *Nation's Business* is a sponsor. Contact Lenny Fogel,

Family Firm Institute marketing director, at (617) 738-1591.

### Oct. 9-14, San Diego

"The Family Business Leadership Program" is for next-generation family members with three to five years of experience in the family firm. Call Kris Downing of the Center for Creative Leadership at (910) 545-2815.

### Nov. 3, Goshen, Ind.

"Succession Planning: It's the Process That Counts" is a seminar featuring *Nation's Business* columnist John L. Ward. Call Leonard Geiser, director, Goshen College Family Business Program, at (219) 535-7451.

### How To Get Listed

This list of family-business events features national and regional programs that are open to the public. Send your item three months in advance to Family Business, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000.



## CASE STUDY

# Fear Impedes A Necessary Transition

Until today, Sharon Edwards, 65, felt her future was secure. Now, however, she is worried about signing a document that includes a provision awarding son Sam control of the company should her husband, Jack, die before she does. "How secure would I be then?" she asks.

Twenty years ago, Sharon and Jack risked all they had to start their textile plant, Western Mills. The company made a profit the second year and has earned increasing profits every year since. Sharon and Jack jointly own 70 percent of the company stock, which represents about half of their estate. Sam, 38, the older of their two sons, owns the other 30

percent of the company stock; he has worked at the plant for 16 years and has managed it for the last five. The other son, Tom, 34, is a successful attorney in private practice.

To avoid potential conflict, the family agreed that when Jack and Sharon pass on, Sam's half of the estate would first come from Western Mills stock. Now, Sharon is afraid that if she signs the document, it may preclude her ability to

receive dividend income from the company after Jack's death, should she need it. While Sam feels he has earned the right to control the business after his father is gone, he says he would be more than fair to his mother. Sam and Sharon have always been very close, but still, she is hesitant.

Jack wants Sam to run the company without his mother's interference; at the same time, he tells Sharon, "I want you to feel protected." He doesn't want his wife and son ending up in a bitter conflict and is unwilling to sign any papers that would sidestep Sharon's wishes.

What can they do?

## Time To Assess Financial Needs

Sharon's reluctance to execute the documents giving Sam control of the company at Jack's death is quite understandable. She does not want to spend the last years of her life dependent on the generosity of her two sons for financial support. Her concerns are not misplaced. A basic rule of thumb in estate planning is that two parents can support 10 children, but 10 children cannot support two parents.

Until Sharon is convinced that she will have adequate retirement income, the transition process will not proceed. The first step would be for Jack and Sharon to have a qualified financial planner, trust company, or insurance adviser examine their financial situations to determine how much money they would need to maintain their desired lifestyle. Then Jack and Sharon should consider transferring control of Western Mills to Sam now, rather than later. Sam has earned the right to control the company, and Sharon's true concern is with the protection of her source of income and not with the operational control of the business. As the company continues to grow, increasing estate taxes become a greater threat to Sam's ownership. I would encourage Jack and Sharon to recapitalize the company's stock



PHOTO: BOB MARTIN/HEMMILL  
**John S. Powell**, director of the North Carolina Family Business Forum, in Burlington, N.C.

into common and preferred. Sam would get the common shares, and Jack and Sharon the preferred. This would freeze the value of Jack and Sharon's stock for estate tax purposes and provide them with a guaranteed source of income for life.

Simultaneously, I would have Sam, Jack, and Sharon execute a buy-sell agreement that would require the company to purchase the parents' stock as they need funds. This would provide Sharon with all the financial protection she needs and should help eliminate her concern over control.



ILLUSTRATION: DAVID CHEN

and in control of the business, Jack will not do anything against Sharon's wishes. I would explore the alternative of selling stock to Sam now for a long-term note. The note may be paid off by the time of Jack's death, ensuring Sharon's financial security. The note could be secured by the stock as well as the company's assets. That way, if Sam defaulted, Sharon would be guaranteed payment from the company. Another alternative would be to enter into a shareholders' agreement that would give Sam control of the day-to-day operations after Jack's death but require Sam and Sharon to agree on long-term decisions, such as family salaries and large capital expenditures. The agreement could be executed now and "rehearsed" before Jack's death. The Edwardses could

## One Possibility: Sell Stock Now

Jack and Sharon have stumbled on a frequently neglected area of most estate and succession plans. It is not uncommon to scrutinize situations where siblings or cousins may become rivals, but seldom is the surviving spouse's control of the stock examined in conjunction with its impact on the relationship between the surviving parent and an employee-child.

Although Jack could sign a will that would leave his 35 percent of the stock to Sam, thus leaving



PHOTO: SAM MCKENNA  
**Harris L. Sherman** of The Sherman Company for Family Business, in Costa Mesa, Calif., designs estate and succession strategies for family firms.

Sam with 65 percent of the company's assets. That way, if Sam defaulted, Sharon would be guaranteed payment from the company. Another alternative would be to enter into a shareholders' agreement that would give Sam control of the day-to-day operations after Jack's death but require Sam and Sharon to agree on long-term decisions, such as family salaries and large capital expenditures. The agreement could be executed now and "rehearsed" before Jack's death. The Edwardses could also appoint an advisory committee, which could increase the family's probability for success and keep problems from developing in the future.

In addition, the family could work out an agreement to eliminate potential future conflicts between Sam and Sharon by developing policies addressing at least the following issues: Sam's compensation; corporate dividends; shareholder loans; and benefits and perks.

This series presents actual family-business dilemmas, commented on by members of the Family Firm Institute and edited by Georgann Crosby, a consulting partner in the Family Business Roundtable, a consulting organization in Phoenix. Identities are changed to protect family privacy. The authors' opinions do not necessarily reflect the views of the institute. Copyright © by the Family Firm Institute, Brookline, Mass.



# SMALL BUSINESS SUCCESS TAKES INITIATIVE

Firing up the initiative you need to succeed during tough economic times isn't easy. Your dedication can be tested by tight credit, intense competition and a challenging economy.

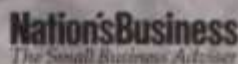
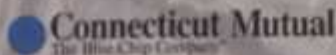
But the initiative that burns deep in the heart of small business is vital to reviving and strengthening our nation's economy. Recognizing that initiative is the goal of . . .

## THE BLUE CHIP ENTERPRISE INITIATIVE AWARD

Sponsored by Connecticut Mutual, the U.S. Chamber of Commerce and Nation's Business, the Initiative seeks out and honors small businesses that have overcome challenges and emerged stronger.

And these small businesses inspire others by sharing their experiences, their success stories—even their mistakes. They believe, as we do, that the American economy will burn brighter because of their efforts.

We salute this year's Blue Chip Enterprise designees. Their initiative is America's inspiration.





# Blue Chip Commendation

By Sharon Nelton

**W**hat do a building maintenance company in Wichita, Kan., a title firm in Manchester, N.H., and a chemical distributor in North Las Vegas, Nev., have in common? They are all state honorees in the 1994 Blue Chip Enterprise Initiative, an awards program that recognizes small companies that have overcome extraordinary challenges and become stronger.

"The first 10 years of Wilson Building Maintenance would tax the patience of a samurai warrior," wrote company owner Anita L. Oberwornmann in her application for the award. Oberwornmann had survived a divorce from her co-founder husband and problems with her creditor to build a solid company with 170 employees and annual sales in excess of \$2.5 million.

Landmark Title, Inc., a 44-employee company headed by Michael K. Massey, overcame the recession and the real estate slump with a survival plan called "Recession As Opportunity." The plan increased employee involvement in problem solving and put emphasis on customer service and cash-flow management.

Paula Brown, president of JB Chemical Company Inc., a distributor of chemical compounds, overcame a host of problems, ranging from the loss of a major contract to high turnover in sales personnel. With solutions that included employee training and stepped-up public relations, the company increased sales by 24 percent over three years to \$1.3 million.

About 200 more small businesses will join the ranks of these three resourceful companies when they are named Blue Chip Enterprises for 1995. Small businesses throughout the country are being urged to apply now for the fifth annual Blue Chip awards. The deadline for applications is Nov. 18.

The awards are sponsored by Connecticut Mutual Life Insurance Co., the U.S. Chamber of Commerce, and *Nation's Business*. The four most exemplary companies, to be determined by a national panel of judges, will be honored as

national Blue Chip Enterprises.

The four national designees will be honored at ceremonies in Washington, D.C., in February and will be profiled in the April 1995 issue of *Nation's Business*. In addition, about 50 of the most outstanding honorees will be featured on "First Business," the small-business morning newscast produced by the U.S. Chamber and Connecticut Mutual. The show is broadcast on the USA Network and is syndicated to television stations nationwide.

All designees are honored at



PHOTO: JIMME CLEMMER

**National honors** in 1994 went to John Zimmerman, above, who coped with the deaths of his two partners, and Brian Joseph and Libby Kraftician, left, who built up their company after Kraftician's surgery.



PHOTO: BRYAN GOLDSTEIN

regional ceremonies, and many receive extensive publicity locally and nationally. (See this issue's Cover Story, on Page 18, which features several 1993 honorees.)

Case histories of the 1995 honorees, outlining the problems they faced and the solutions they devised, will be made available in book form. In addition, the 50 "First Business" profiles will be collected in a three-cassette video library. (See the box on Page 47.) All applicants will receive a free copy of the book and video library.

"Today, strengthening small business has become a national priority, and the need for proven, pragmatic ideas is more critical than ever," says David E. Sams Jr., president and chief executive officer of Connecticut Mutual. "The Blue Chip Enterprise Initiative is helping to meet

that need by recognizing exemplary small businesses and sharing their strategies for success."

Any for-profit company with five to 300 employees that has been in operation for at least three years may apply. Applications and information on the awards program can be obtained

from many state and local chambers of commerce or from Connecticut Mutual associates nationwide. Or call 1-800-FOR-BCEI, 1-800-367-2234.

The 1994 national honorees are:

■ **East Coast Seafood, Inc.**, a seafood distributor headquartered in Lynn, Mass. East Coast was evicted from its plant and became the target of a string of lawsuits when the company that was guaranteeing its lease declared bankruptcy and environmental problems discovered at the site ruled out the building's purchase. Company President Michael J. Tourkistas relied on teamwork and the company's solid reputation not only to pull it through but also to diversify and grow.

■ **GS Technologies, Inc.**, in Fairfield, Iowa, which suffered technological diffi-



culties in trying to bring to market a pharmaceutical capsule free of animal products. Founder and president Ralph Grosswald thought it would take \$400,000 and a year and a half to develop his product. Instead, it took \$2.5 million and six years to produce VEGICAPS, which are now sold throughout the world.

■ **Steiner/Bressler Advertising, Inc.**, a Birmingham, Ala., company that had to overcome the unexpected deaths of two of its three partners just 10 months apart. When he took over, the surviving partner, John Zimmerman, who had been the agency's creative director, said he didn't even understand cash flow. But he learned. And he involved his

Also earning national Blue Chip honors in 1994 were Michael Torkistas, right, president of a seafood company, and Ralph Grosswald, below, maker of a pharmaceutical capsule that is free of animal products.



PHOTO: RICHARD HOWARD

the April 1994 issue of *Nation's Business*. The top concern of this year's Blue Chip companies was managing cash flow—a problem cited by 48 percent, or 95, of the companies. Cash flow was followed by difficulties in keeping up with industry trends (36 percent) and lack of capital (34 percent). According to an analysis of the

manager who could assess and alter the management staff, lead the changes in all other areas, and, finally, instill confidence and value in our product both internally and in the community," Berl Brechner, the company president, wrote in KTKA-TV's Blue Chip application.

The Blue Chip program enables managers like Brechner to educate other small-business people. Says Richard L. Leshner, president of the U.S. Chamber: "In a remarkably short period of time, the Blue Chip Enterprise Initiative has emerged as the definitive benchmark for recognition of exemplary small businesses and an effective conduit for sharing their success stories with others." ■

## Real-Life Lessons

Small-business owners and managers can learn how the nation's Blue Chip Enterprise Initiative honorees overcame adversity from a new book and videotape collection. All 200 Blue Chip companies are profiled in the 1994 edition of *Real-World Lessons For America's Small Businesses*, which is available now. The first volume of the 1994 Blue Chip Enterprise Video Library, a three-volume set, is due out later this year. The video library, which is a companion to the book, contains case histories of about 50 of the top Blue Chip companies nationwide. The profiles come from "First Business," the small-business morning newscast produced by the U.S. Chamber of Commerce and Connecticut Mutual Life Insurance Co. The show is broadcast on the USA Network and is syndicated nationally.

The book and the videotapes "contain lessons in perseverance, innovation, ingenuity, and determination," says David E. Sams, Jr., Connecticut Mutual's president and chief executive officer.

To order the book (\$8.95) or the videotapes (\$20 a volume), or to obtain further information on the Blue Chip Enterprise Initiative, call 1-800-FOR-BCEI, or 1-800-367-2234.



PHOTO: GLENN HARRISON



PHOTO: CHRIS STEWART—BLACK STAR

staff in "reinventing" the agency, increasing its clients from 10 to 22 and annual gross billings from \$11 million to \$19 million.

■ **Touchstone Research Laboratory, Ltd.**, which endured some lean times after its founding 14 years ago by Elizabeth "Libby" Kraftician and Brian E. Joseph. But the Triadelphia, W.Va., research and development firm's toughest time was five years ago, when Kraftician had surgery for advanced ovarian cancer. From her hospital bed, she dictated parts of a NASA proposal to Joseph, her husband, as he sat by her side with a computer on his lap. They won the contract and built their company to annual sales of \$2.9 million and 35 employees.

For more details on the national designees, see "More Than Perseverance," in

figures add up to more than 100 percent; each business faced multiple problems and employed multiple solutions.

KTKA-TV, a Blue Chip designee in Topeka, Kan., offers an example of how human resources can be used to deal with financial problems. Still losing money four years after acquiring KTKA-TV, the owners hired an enthusiastic, knowledgeable general manager to guide the station. Changes made under the new management—including some trimming of staff, the installation of new equipment, and improved news programming—resulted in revenue increases of 26 percent in 1992 and another 22 percent last year, and the station's ratings climbed from last place to second place in its market.

"While solutions were in all these areas, the key was in the people: finding a



## MANAGING

# How To Handle Smaller Accounts

By Howard Scott

In 1989, Steven Grossman, president of Massachusetts Envelope Co., in Somerville, Mass., realized that one reason his firm's profits were falling was the large number of small orders the company received.

By his own reckoning, his 19-person sales force spent 30 percent of its time on smaller accounts.

The 82-employee company hired Susan Gillis, a Boston-based consultant. Her recommendation: Assemble a telemarketing staff to service small accounts more economically.

Massachusetts Envelope put sales vice president Bob Rotchford in charge of telemarketing, recruited two new employees to handle the phones, and set up a computerized data base for tracking calls and orders.

Results have been impressive. The company's new telemarketing team in one year nearly doubled sales in small accounts, from about \$400,000 in 1989 to almost \$800,000 in 1990. This year's goal is \$2.5 million, or 10 percent of projected sales.

The telemarketing staff has increased to seven, while the original sales staff, now concentrating on large accounts, has shrunk to 12. The average transaction handled by the original sales staff is now 50 percent larger than in 1989.

Turning small accounts over to a telemarketing staff is a good way for a small company to increase productivity, says Neil Saviano, a telemarketing consultant and president of Longbow Consulting Group, in Danvers, Mass. "To survive the '90s, businesses have to change their marketing thinking," Saviano says. "Doing business is not enough. Today's companies must obtain higher return on time."

Massachusetts Envelope did just that. The company determined that accounts yielding less than \$1,000 annually were unprofitable for the firm. Research revealed that each sales staffer made an average of four sales calls a year on small accounts at a cost of \$250 per call. Thus, it was costing the company \$1,000 to generate \$1,000 in sales.

By contrast, four sales calls a year by a telemarketing team to the same \$1,000



ILLUSTRATION: WILLIAM COATER

accounts cost an average of \$15 each, yielding \$940 after sales expenses.

Having salespeople relinquish their small accounts called for a bit of arm twisting, Rotchford says. "No salesman likes to give up accounts, but we persuaded them to try it in return for the promise of obtaining sizable leads."

Leimkuhler Office Products, a Baltimore stationer with 22 employees, also had a problem with small accounts until it set up a two-person telemarketing department.

Bob Buettner, the general manager, explains: "We felt telemarketing was more appropriate for certain types of customers. Small accounts, especially, could be more economically handled through regular phone calls, and they could be better serviced."

The company gave its sales staff an incentive to relinquish small accounts. For every \$2,500 in small-account volume a salesperson turned over to telemarketing, he or she was given \$5,000 in large-account volume. The swap was made easier because one salesperson left during the transition, freeing a number of large accounts for distribution.

Saviano says one way to handle the reluctance of salespeople to give up accounts is to pay them three or four months' average commission on the small accounts they surrender. "This gives them time to recover and even increase the business," he adds.

*Turning such sales over to a telemarketing staff can help improve efficiency and profitability.*

Setting up a telemarketing system requires a lot of planning. At Massachusetts Envelope, Gillis, the consultant, persuaded the company to acquire a network and all the necessary furniture and equipment.

Next, she and Rotchford had to build a computerized data base with small-account information provided by the sales staff. Then, a trainer helped the new telemarketers learn how to use the system and add to the data base.

Installation and training took about two months and altogether cost about \$75,000 in equipment and employee time, Rotchford says.

**S**killful use of an accounts data base is the key to selling to small accounts, Saviano says. The telemarketer has computerized access to account information, including the contact person, purchase history, most opportune time to call, and information on competitors.

Using the on-screen information, the telemarketer might offer a special based on last year's purchases, for example, or focus on particular product sales based on knowledge of the competition.

While telemarketing is a cost-effective way to handle small accounts, doing it right requires planning and training. As Gillis, the Boston consultant, warns, "If a company just plunks down people and phones, the program is doomed."

Howard Scott is a free-lance writer and a small-business consultant in Pembroke, Mass.



# You're Only 45 Minutes Away From Success.



Executive Seminars in Sound can help you improve your management skills—and your bottom line—fast. Eight audio cassettes deliver practical, proven techniques that you can implement right away.

The 45-minute tapes cover:

1. How To Get Your Ideas Across
2. Your Role as a Decision Maker
3. Better Management of People
4. Mastering the Art of Delegating
5. Making the Most of Your Time
6. Organizing Your Plans and Planning Your Organization
7. Strategies of Moving Ahead
8. How to Live with Your Own Success

Listen in your car, at the office, at home or in your hotel room with convenient tapes in a compact binder. Then inspire your employees, control your schedule and prepare to enjoy your success.

You'll profit for a lifetime from a \$95 investment in Executive Seminars in Sound. If you're not convinced these tapes will make your life easier, just return them within 15 days for a full refund. Order your set today.



## Try it for 15 days FREE

**Guarantee:** Send me "Executive Seminars in Sound." If not thoroughly satisfied, I can return it for a full refund.

☐ Check enclosed for \$95. Please include \$3.00 for shipping and handling.  
☐ Bill my credit card: ☐ AE ☐ VISA ☐ MC

Card No. \_\_\_\_\_ Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

No P.O. Boxes—UPS Shipments Only

Nation's Business Executive Seminars Division, 1615 H Street, NW, Washington, D.C. 20062  
 California and D.C. residents, add sales tax.

**Call Toll Free 1-800-321-4949**

Circle No. 13 on Reader Service Card

NB0994



## REGULATION

# Mandates' Foes Smell A Victory

By Michael Barrier

Congress is moving toward enactment of what few thought possible a year ago: meaningful restraints on its ability to saddle state and local governments with the costs of new programs. Even more surprising, business, too, may get some relief.

With the federal budget tight, Congress has in recent years turned more and more often to unfunded mandates, as they're called. They are especially common in environmental legislation; states and cities have been told to spend billions of dollars to meet federal standards, but with little or no federal assistance. Business, too, has been forced to spend huge sums to meet the requirements of social legislation such as the Americans with Disabilities Act.

Critics of such unfunded mandates have complained that when Congress requires that something be done, but provides no money, it imposes what amounts to a hidden tax. That tax is paid by each government body, business, or other private organization that bears the cost of carrying out Congress' orders—and, of course, ultimately that tax is passed along to individual taxpayers.

Increasingly, members of Congress have come to agree with the critics. "If you look at the largest single cause of property-tax increases at the local level," says Rep. John L. Mica, R-Fla., "it's unfunded federal mandates."

It is no coincidence that some of the strongest congressional opponents of unfunded mandates are themselves former state and local officials who once were on the receiving end. Sen. Dirk Kempthorne, R-Idaho, a former Boise mayor, and Rep. Gary A. Condit, D-Calif., a former state legislator, introduced bills last year that would have outlawed unfunded mandates altogether as they apply to state and local governments.

In June, the Senate Governmental Affairs Committee unanimously backed a revised version of Kempthorne's bill that is potentially stronger than the original. Under the bill, the Senate could consider imposing an unfunded mandate only if the Congressional Budget Office provided an estimate of the costs involved. The idea is



PHOTO: T. MICHAEL KEZA

**A Senate committee** has advanced Sen. Byron Dorgan's plan to require cost estimates for bills affecting the private sector.

that Congress might flinch—and the targets of its mandates might fight back—in the face of strong evidence of how costly a mandate would be.

If such a cost estimate were lacking, a single senator could raise a point of order. The Senate could then proceed with the unfunded-mandate bill only after a two-thirds vote to overrule that point of order. By contrast, a simple majority could overturn the ban in Kempthorne's original bill.

In a striking victory for business, the committee voted 9-4 to approve an amendment proposed by Sen. Byron L. Dorgan, D-N.D., that would require cost estimates for legislation affecting the private sector, too, when the total economic impact of a measure exceeded \$200 million a year.

Dorgan emphasizes that he is not opposed to all mandates imposed on business. For example, he supports the parental-leave law Congress passed last year.

"I just want to make sure," he says, "that when we do a mandate, we know what it's going to cost." Now, he says, "we sort of work in the dark." In some cases, he predicts, reliably estimated costs will be lower than expected.

The revised Kempthorne bill, S. 993, won endorsements from President Clinton and Senate Minority Leader Bob Dole, R-Kan., in speeches before the National Governors' Association, and it seems headed for Senate passage in early September. In the House,

*Businesses and state and local governments may get some relief as Congress responds to a wave of outrage.*

though, the picture is more clouded.

Even though the Condit bill has attracted more than half the members of the House as co-sponsors, the House Democratic leadership has been cool to proposed curbs on unfunded mandates. Apparently trying to head off a revolt, senior Democrats on the Government Operations Committee introduced their own version of the Senate bill—but without the Dorgan amendment protecting business.

Some of the leading House foes of unfunded mandates were not impressed. Rep. William F. Goodling, R-Pa., says the approach taken in the Senate bill would be "positively worthless" in the House because points of order are waived so routinely there. "It's my hope that we can do better," he says.

Mica describes the Senate bill as only "a first step. We'd like to have something stronger come out of the House."

Whether the Dorgan amendment to protect business will survive as part of a bill that ultimately passes both houses is an open question. Much may depend on whether local business people get in touch with their senators and representatives and urge them to support the Dorgan position.

Although the U.S. Chamber of Commerce has mounted an intensive effort on behalf of the amendment, Dorgan says he has heard "substantially less" from North Dakota business people than from state and local government officials. In the House, Condit thinks a bill to curb unfunded mandates might have a better chance of passage if relief for the private sector is set aside until next year.

Condit credits "local elected officials all across the country—county commissioners, small-town mayors"—for the success so far of the anti-mandate legislation. "Every time we go home," he says, "they talk about ending unfunded mandates." But state and local governments were slow to wake up to the unfunded-mandates issue, Condit says, and now the same is true of business people.

"Business has a meritorious argument," he says. "They just need to push to get something done."



EDUCATION

# Training Workers In The Three C's

By Jeanne C. Meister

**W**hen Tony Munoz began at Triton Industries in Chicago seven years ago, he was working as a temporary janitor and earning \$3.35 an hour. Today, after completing a four-semester, 32-week program at Triton University, the company's in-house training organization, he is earning \$15 an hour at the firm as a journeyman tool and die maker.

Founded in 1961, Triton Industries is a small manufacturer of computer cases and electrical components. It employs 160 people and has annual sales of \$12 million.

Its training program provides instruction in what are known as the "three C's": culture, context, and core competencies.

Culture comprises the values and traditions that are central to the business. Context is related to an understanding of a company's strategic goals and objectives as they relate to the entire industry. Core competencies are the skills required for the company to compete successfully in a global marketplace. Those skills include team building, quality management, and problem solving.

Munoz's rise to a high-wage, high-skill job is a testament to his employer's commitment, as well as to his own hard work. Triton spends 1.5 percent of its sales revenue—about the industry average—to upgrade the skills of its workers.

Munoz's apprenticeship program included 10,000 hours of on-the-job training over five years, plus local community college courses that led to a certificate in tool and die making. The cost, paid for by Triton, was about \$40,000 over five years. The expenses included tuition, books, and on-the-job training.

Munoz believes his training at Triton has had a lasting impact on his professional and personal life. "When I'm better-educated, my whole family is better-educated," he says.

Triton Industries Chairman Marvin Wortell says his company invests in employee training not merely to be altruistic but also to improve productivity and

increase his firm's competitiveness in the world market.

"It's the worker who produces the quality," he says. "Triton is only as strong as the quality of the employees who work on the shop floor."

Triton had long offered basic courses in reading and math as well as job-specific courses in blueprint reading, statistical process control theory, and mechanical drawing. Training in the company's culture was added to enhance the curriculum.

*Knowledge of a firm's culture, context, and core competencies helps ensure that employees are working toward the company's goals.*

The courses are taught by Triton's engineers and production managers who have attended "train the trainer" programs at Triton Community College, in River Grove, Ill. The community college is not affiliated with Triton Industries.

The purpose of such training is to give employees an understanding of the company's role in the global marketplace and to enable workers to learn more quickly and be more productive.

By conducting this type of training,



PHOTO: KAREN JOHNSON—GAMMA LIAISON

The premium Brent Wortell, left, puts on training has helped Tony Munoz advance.

*Jeanne C. Meister is the president of Quality Dynamics Inc., a human-resource development company based in New York. Her latest book, Corporate Quality Universities: Lessons In Building A World-Class Work Force, is available from Irwin Professional Publishing, in Burr Ridge, Ill.*



## EDUCATION

companies develop employees who can contribute to an improved quality of products and services and who can readily explain the benefits and features of those products and services to current or potential customers.

Such training can also help improve employee retention. Brent Wortell, the company's president and the chairman's son, says the average Triton employee has worked for the company 12.5 years, with some employees staying more than 20 years.

The Southport Institute for Policy Analysis, a nonprofit public-policy research organization in Washington, D.C., has studied the training needs of small businesses employing from 50 to 100 workers. While only 5 percent of the businesses of this size have a workplace education program, about 20 to 30 percent of those surveyed expressed interest in starting one, researchers at the institute have found.

"Companies recognize they must develop a work force which not only knows how to read, write, and communicate but also one that is committed to the company's goals of customer satisfaction and quality," says Forrest Chisman, Southport's president.

Another small business, Computer Management and Development Services, in Harrisonburg, Va., trains employees in its mission, culture, values, strengths, weaknesses, opportunities, and threats to the business.

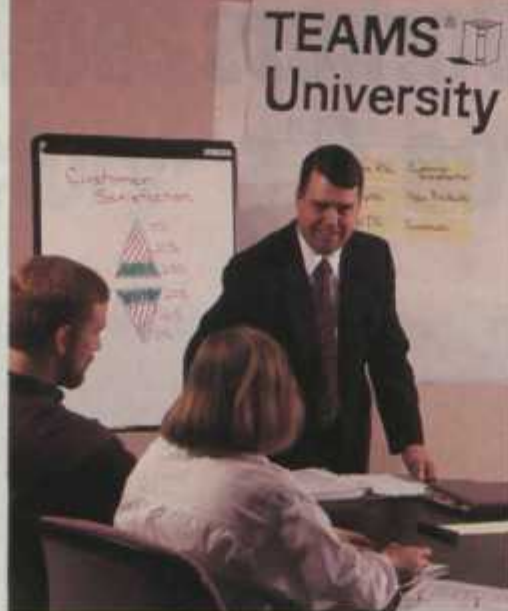


PHOTO: GREGORY GORDON

*Leading classroom discussions on his company's history is CEO Dwight Wyse.*

The 14-year-old company produces and markets administrative software for colleges and universities and has annual sales of \$5 million a year. The training is conducted through the company's in-house training department, known as Teams University.

The company's president and CEO, Dwight Wyse, who leads classroom discussions, is a proponent of active involve-

ment in training. His philosophy: "My lips and feet must move in the same direction on training if we are to make progress on our training goals."

Wyse practices what he preaches by annually spending up to 72 hours a year in the classroom teaching new employees about the company's three C's.

**A**n innovation Wyse recently came up with is to pass along the history of the company in a collection of case studies, called "A Case In Point." Using real company clients and issues, the cases provide employees with specific details about how Computer Management and Development wins business and how it goes on to satisfy customers.

One case profiles how the firm solved an administrative nightmare for Florida Southern College, located in Lakeland, with Computer Management and Development's Teams2000 software. The case details how Wyse successfully beat out competitors and how the company installed the system within five months. Installation of such software typically takes eight to 12 months, Wyse says.

Unitech Composites, Inc., a manufacturer of aircraft composite parts in Hayden Lake, Idaho, which has annual sales of \$5 million, is creating a consortium with

## Help On Developing A Training Program

For companies that want to develop a formal training program in the three C's, the following organizations can offer assistance at a relatively low cost.

■ The American Society for Training and Development, in Alexandria, Va., represents more than 55,000 training professionals. It has an excellent resource known as the ASTD Information Center, which provides companies with information about the latest books, seminars, and "train the trainer" programs.

Membership is not required to use the information center, but there is a fee of \$50 for a half-hour of online time to allow a researcher to answer your questions. Call (703) 683-8183.

■ The American Association of Community Colleges, in Washington, D.C., offers training advice as well as a catalog of its publications to companies that want to build an alliance with a local community college. The nation's 1,150 community colleges are emerging as the second-

largest provider of work-force training after employers.

James McKenney, the organization's director of external and international programs, provides information and guidance on which community colleges in a local area offer for-credit training programs, as well as noncredit programs that are customized for specific businesses and industries.

Building alliances with local community colleges and developing "train the trainer" programs are important first steps in training employees in the company's three C's. To reach McKenney, call (202) 728-0200.

■ The Society for Human Resource Management, in Alexandria, Va., serves more than 50,000 professional human-resource managers in a network of 400 local chapters across the country.

Society members can take advantage of local chapter seminars as well as a service known as MemberNet, which helps members communicate via computer with

other members who have volunteered to share their practices in human resources and training. The annual membership fee is \$160. Call (703) 548-3440 for more information.

■ The American Management Association, in New York, is devoted to all types of management education. It offers several useful seminars on training, including ones on "Training the Trainer" and "How To Train Your People On The Job." For fees and registration information, call (212) 586-8100.

■ If your firm is a supplier to a large company that is committed to training its work force, it may be possible to tap the resources of the larger firm.

Motorola Inc., for example, now offers for sale training programs and licensing arrangements to their supplier and customer companies. For information on Motorola University Supplier/Customer Training, call Paul Brault at 1-800-446-6744.



local companies and a community college. For example, to cut training costs and to take advantage of the expertise of nearby North Idaho Community College, the CEO of Unitech, David VanDerGriend, joined forces with Empire Air Lines, a Hayden Lake company with \$20 million in annual revenues.

The two companies together developed several training programs, including a "train the trainer" program, which teaches senior managers how to lead front-line employees in discussions about the company's culture, values, and philosophy.

VanDerGriend believes that when senior managers learn to become heavily involved in employee training, the focus of training moves naturally from passing along basic information and teaching job-specific skills to broader issues.

Among the nation's larger companies that focus heavily on training is Intel Corp., the \$6 billion-a-year computer chip maker based in Santa Clara, Calif.

It requires all new employees at every level to participate in seven seminars during the first year of employment. The seminars, led by senior managers, focus on the company's corporate values, culture, and line of business.

The seminars paint a vivid picture of

**"Companies recognize they must develop a work force which not only knows how to read, write, and communicate, but also one that is committed to the company's goals of customer satisfaction."**

—Forrest Chisman,  
Southport Institute

the company. Included are such topics as: "What Makes Intel, Intel," "The Intel Culture Class," and "All About Intel, Our Business and The Customer." They spell out in detail specific employee behaviors that go along with "living the Intel values."

For example, the company teaches its employees to be responsive and fair and to honor commitments. Senior Intel managers then lead discussions and share stories about how the company has

achieved customer satisfaction with numerous client companies.

Intel also carefully articulates each company value and formally trains employees in corresponding behavior.

Another big company, Corning Inc., the \$4 billion-a-year glass manufacturing company based in Corning, N.Y., has developed an interactive set of workbooks to train employees in the three C's. Employees complete a series of questions on the company's values and culture, their departments' organization, and their roles within those departments.

**A**s these businesses are discovering, employees who have a thorough understanding of a business's goals and challenges can better satisfy internal and external customers.

"The reality of working in a company is that many employees experience only a small part of the complex world of the corporation," says Dwight Wyse of Computer Management and Development. "So by formally training all employees in the three C's, we can give our employees greater insight into how business is really conducted."

To order a reprint of this story, see Page 72.

## Nation's Business

## MarketFAX

# Get the Facts. Right Now!

Small-Business Information Instantly Accessible via Fax.

Nation's Business' new MarketFAX service gives you quick and easy access to the small-business information you want and need. You can now order articles from Nation's Business and receive them via fax *instantly!*

**NEW!**  
**Reprints**  
**via FAX!**

### ◆ Articles Now Available: (\$4.95 per article)

#### 837 Helping Injured Workers Heal:

- New physical-therapy programs called work hardening are speeding employees' return to the job, cutting workers' comp.

#### 838 Pension Options For Small Firms:

- Here are four descriptions of ways you can help nest eggs grow for your employees—and yourself.

#### 839 Re-engineering Your Company:

- It's like starting over—and should not be used as a cost-cutting tactic. This powerful management tool is not just for big companies.

#### 840 Survival Tactics For Retailers:

- Personal service, specialized merchandise, and product-value guarantees are a few approaches that retailers must adopt to outlast a difficult economy.

#### 841 Don't Neglect The Next Generation:

- Effective estate and succession planning can protect your family, as well as your business, from avoidable taxes and hardships.

#### 842 Key People, Key Protection:

- This "key-person" type of life insurance policy could keep your business from going under if a person crucial to the company dies or becomes disabled.

### ◆ "How-To" For Small Business:

- 831 • From raising capital to hiring employees, find out how to start and manage your small business smarter. Call now to receive your **FREE** list of the best "How-To" articles from Nation's Business.

### ◆ How To Order:

To order, call toll-free 1-800-597-7363 and enter the number of the article you are requesting; then enter your credit card number\* and fax number. The article will arrive within minutes.

\* Visa, MasterCard, or American Express

### ◆ Call Now!



7 DAYS A WEEK

CALL TOLL-FREE 1-800-597-7363

24 HOURS A DAY



## MARKETING

# What's In A Name

By Roberta Maynard

It may be true that a rose by any other name would smell as sweet, but would it sell as well? After all, no one ever named a child after the flossflower. So it goes with your new product. However good it is, the name attached to it has to do its job, too.

Great names create an image for the product that speaks to its target market. Often, they evoke strong visual images.

"Sunkist is one of the best names ever developed because it creates a warm, fresh image that works perfectly with the product," says Bryan W. Mattimore, whose firm, The Mattimore Group, in Stamford, Conn., specializes in naming products and companies. "Another effective name is LeanCuisine. It's memorable and says it all: It describes the product in an upscale way suitable to its intended market (cuisine, not cookin') and also ties in the benefit (lean). It even rhymes—they were lucky with that." It works on several levels.

Embarking on a name search means looking long and hard at your company's strategy. What is your vision for the product? What do you want it to mean to customers?

Sometimes the new name itself will help define that identity, which is what happened to John Sundet, president of SnowRunner, Inc., in St. Paul, Minn. The three-year-old company makes recreational snow skates, which are like ski boots with short runners.

Last fall, Sundet began thinking about a new identity for the product. Working with a naming and positioning company called Nametag, Inc., in Minneapolis, he began a months-long process that included focus groups and creative sessions. The result was a new name: Sled Dogs™.

"This was an opportunity to create a new image for us," Sundet says. "The name tied in a north woods image and was comfortable because dogs are universally loved. And it allowed us to use dog vernacular to convey the freedom and excitement of the sport." A shaggy dog graphic is used with the company's new marketing line, "Unleash Yourself."

Dogs, slang for feet, and sled, a fun way to get around in the snow, work together in a variety of ways. The name opened up wonderful possibilities for building the product's new image with the promotional

tag lines, "Join The Pack," "Purebred Fun," and "You're Not An Indoor Animal." The brochure promises youthful buyers, "Sled Dogs Obey Your Every Command."

"For us," Sundet says, "the creative process of naming the product led to the concrete identity we were searching for. Our strategy is to develop that sport similar to the way roller blading was developed. We wanted a name that could become descriptive of the sport but that had the ability to build a personality."

The objective in searching for the right

*Here's how to get a handle on creating an identity for your product or company.*

combinations and associations, such as IdeaFisher (IdeaFisher Systems Inc.).

Once you have a list of possible names, do a preliminary trademark search at a public library. Listings like the *Book of American Trademarks* aren't exhaustive, but they will give you more ideas as well as a sense of which names seem to work and which don't. Have a trademark attorney do a final trademark check.

When you have settled on a name, mock it up, Mattimore suggests. Put the word in your brochure or some other visual treatment and test your own and others' reaction to it. Then, test how the name sounds. Say it as if you were answering the phone.

To gauge others' reactions, test it informally, outside your own social circle. Ask people what kind of product or company they think it is. This could uncover any negative connotation that hasn't occurred to you.

The name you choose, along with being inoffensive, easy to pronounce, and legally available, must also be memorable. Try this memorability test of Mattimore's: Put your name list away for a day, then try to remember the names. If your favorite isn't among them, you should probably keep looking.

For a company name, choose one that you can aspire to and not outgrow. Be wary of a name like Brown's Fruit Co. if you plan to expand into other types of products.

"It's a good strategy to look for potentially visually rich names," says Mattimore, who sometimes searches maps for words that create word pictures. A good example, he says, is Land's End, the catalog company.

The name of a firm can also communicate a company's personality. Eight years ago, when Peter Jacobs began a new advertising and design firm in Burlington, Vt., he called it Shark Communications, as a deliberate contrast with established ad firms, most of which were named after founders. Jacobs says the name has helped attract clients who are looking for less-conventional strategies, which his company offers.

"Capturing the right name is like a transfer of essence—the essence of the product," says Mattimore. "If it's a great name, you can fill it with meaning."

Just ask any sled dog.



ILLUSTRATION: SHARON COHEN

name is to try to see familiar concepts and words in an unconventional way, Bryan Mattimore says.

One of his favorite methods for tapping creative ideas is the magazine cut-and-paste exercise. Using old magazines, have each member of your naming team create a montage of the cut-out photos and words that they think show aspects or qualities of the product being named. Or, have them find things that your target market likes, and use those concepts as a jumping-off point for your new product name.

Another naming technique that Mattimore uses is a simple grid. Down the side, list all of the things that appeal to your target market. Across the top, list the special qualities that make your product different. Look for connections between the two lists, and focus on those concepts and the words that describe them.

There are also several software programs available to help you with word



# 1-800- FOR-BCEI

**BECOMING AN AMERICAN  
SMALL BUSINESS SUCCESS STORY  
BEGINS WITH A SIMPLE PHONE  
CALL—to The Blue Chip Enterprise  
Initiative®.**

Through its Award Search, the Initiative seeks out and honors small businesses that have overcome challenges and emerged stronger.

Call and tell us how your small business—or one you know well—

has made it through tough times. Tell us how you steered a path on the rocky road to small business success.

We'll consider your business for a Blue Chip Enterprise Initiative® award to recognize its accomplishments. Then we'll share your success story so other small businesses can benefit.

The Initiative is sponsored by

Connecticut Mutual, the U.S. Chamber of Commerce and *Nation's Business* magazine. Any for-profit company with 5 to 300 employees that has been in continuous operation for at least three years is eligible.

Call us at 1-800-FOR-BCEI for an application today. Share your small business success story with America.



**Connecticut Mutual**  
The Blue Chip Company®



**Nation's Business**  
The Small Business Adviser



## ECONOMIC DEVELOPMENT

# States Scramble For Fewer Prizes

By John S. DeMott

**W**hen Holly Hitzemann wanted to expand her San Diego company, Great American Stock, she talked with economic-development officials in California and nearby states.

With \$1.6 million in sales and 14 employees, Hitzemann's firm, which provides photographs of food for advertising agencies and fast-food chains, is hardly a giant, but she found that New Mexico gave her the attention it would have accorded a company far larger.

New Mexico's business recruiters responded swiftly. They reviewed her financial statement and sent a team to interview her. The development group included an architect who drew plans for a new building for Great American Stock. Most important, the team arranged a loan backed by the U.S. Small Business Administration to construct the building.

Hitzemann's experience illustrates how, in an era of shrinking lists of prospects, state economic-development officials are stepping up efforts to win new business—and new jobs and tax revenue.

Nervous about looming tax increases as a result of California's fiscal and social problems, Hitzemann moved her company to New Mexico's Rio Rancho, a bustling 96,000-acre commercial and residential development northwest of Albuquerque.

Hitzemann is happy. "Moving your business and your family and your employees and their dogs and their gerbils... it's more than anyone anticipates. But it has been worth it."

New Mexico is not alone. In addition to offering incentives to individual companies—long a standard procedure in economic-develop-

*From Alabama to Wyoming, the rush is on to attract new businesses and retain existing ones.*

ment efforts—the states have also grown more conscious of what they must do to be attractive to business generally. Among state legislatures, a flurry of activity this year and last was aimed at improving the business environment.

■ Florida and California have set up purchasing pools allowing small businesses to provide health care for their employees. Similar measures are pending in other states.

■ Michigan repealed its inheritance tax, making it easier to pass businesses on to heirs. Connecticut cut its corporate tax rate to 10 percent from 11.5 percent.

■ New Jersey now recognizes state-



Great American Stock's Holly Hitzemann and Mark Lautman of the Rio Rancho development in New Mexico, reviewing her company's food pictures. Inset, Intel's computer chip plant, being built nearby.



chartered S corporations, where owners are taxed at a rate of 2.4 percent, compared with the 9.4 percent rate C corporations pay.

■ Connecticut, which has been hard-hit by cutbacks in defense industries, has begun taxing personal income to ease the burden on companies. It also has slashed workers' compensation premiums by 21 percent. And it has set up a research-and-development tax credit for the state's manufacturers.

■ Alabama and Mississippi are among states that now effectively grant income-tax credits over several years, allowing a company to get what amounts to a free building.

More states are considering tax cuts, reports Steven Gold of the Center for the Study of the States at the Nelson A. Rockefeller Institute of Government in Albany, N.Y. Improved economic conditions are making that step possible for many. For the first quarter of 1994, as the economy brightened, nearly all states reported higher revenue from personal income taxes and sales taxes.

On other fronts, states are using salespeople, including governors and other



**Alabama's pricey victory:** At Mercedes groundbreaking were, from left, Gov. Jim Folsom and Mercedes executives Andreas Renschler and Dieter Zetsche.

high elected officials, to recruit businesses. Says David Rumbarger, who heads the Hattiesburg, Miss., Area Development Council: "It reaches to the highest levels of government. The governor really sets the tone."

Pennsylvania has set up a Governor's Response Team that's ready to move on a moment's notice to convince companies of the Keystone State's merits. The team provides information about taxes, financing, education, and all aspects of doing business in Pennsylvania, and helps cut through red tape. As Democratic Gov.

Robert P. Casey told *Nation's Business*: "It's one-stop shopping. You can call me, or you can call the Response Team."

This approach has helped Pennsylvania cope with wrenching change by replacing its moribund industries with newer ones. Says Casey: "Coal was the first to go. Then we lost steel. Then textiles. All this hit Pennsylvania first and hardest. Yet in the last recession, we came through quicker than the rest of the U.S. Now we're a high-tech state, a financial-services state."

To lure new businesses as well as retain existing ones, a few states have set up economic development "loan funds" to lend money at low interest rates to attract new businesses to the state or to allow existing ones to expand. Pennsylvania set up its Industrial Development Authority Retention Fund, a \$20 million revolving-loan pool for existing companies to allow them to upgrade, stay competitive, and keep jobs.

Says Bob Santy, Connecticut's deputy economic development commissioner: "Recruitment isn't our primary strategy. Our primary strategy is geared to retain-

## Tips On Attracting Business

Here's some advice from experts in the field of state economic development on what states and cities should do to make themselves more attractive to businesses:

■ Create a climate of business law that is conducive to expansion and capital development. This may temporarily result in losses in tax revenue, but those losses eventually will be offset by increased revenues from new businesses. As a project proceeds, never give up more tax revenue than you've gained; a 20-year tax break for a company is of limited benefit if the company goes out of business in 10 years.

■ Diversify. Gary Shoesmith of Wake Forest University advises states to get their new industries "in bits and pieces," instead of giant prizes that could make them too dependent on one industry. "Textiles and clothes do suffer in a recession," he says, "but not like autos."

■ Keep in mind that any major company's decision on a plant site is based on a complex and sophisticated set of factors, not merely one or two tax breaks or a good land deal. Such "development incentives" are marginally effective at best. So focus always on improvements in education, in training for high-school graduates who do not go on to college, in quality-of-life issues. Says the Corporation for Enterprise Development's Brian Dabson: "A whole range of things has to be functioning properly."

■ Spend money on infrastructure: highways, bridges, railroads, and other transportation systems. Many states can't physically handle large capital investments.

■ Attempt to lure what Mark Lautman of Rio Rancho, N.M., calls "economic base employers." These expand on, or change the nature of, a state's commercial activ-

ity, provide new jobs, and, in general, sell their products or services outside their home-base areas.

■ Remember that all development, like all politics, is local. Mississippi promotes Mississippi, but it's selling Tupelo and Hattiesburg. Ohio is selling Columbus and Toledo. Utah is selling Salt Lake City and Park City.

■ Draw an analogy between your state and a person. Look at its natural attributes and its assembled talents and attempt to attract businesses that can use those qualities. Realistically, what is the community in a position to support? What is its comparative advantage over other locations?

■ Promote, promote, promote. Trumpet the message about your state's advantages, and give it a timely twist. Mississippi urges businesses to locate at "the jumping off point for NAFTA." Advertise in publications that reach business decision-makers.



## ECONOMIC DEVELOPMENT

ing the companies we already have."

The reasons are as much political as economic. Says Steve Bongiorno of Development Counsellors International in New York City, a public-relations firm that specializes in assisting states in their scramble for attention: "A lot of companies have been complaining. They're saying, 'Hey look, we've been here 30 years. We've been paying taxes here, and employing people, and you haven't done anything to help us.'"

Diversity is the goal. In North Carolina and South Carolina, for example, the textile, furniture, and tobacco industries employ far fewer people than they did a dozen years ago. On the other hand, financial services and the auto industry—represented by NationsBank in Charlotte and BMW in Greenville-Spartanburg—employ far more.

The Pacific Northwest, the Southwest, and the Rocky Mountain regions are building a new industrial base; the traditional ones of mining, oil and gas, and agriculture have been shrinking for the last decade.

As the development sweepstakes intensify, there are dramatically fewer companies to chase. Those "siting" new facilities are down to about 200 annually now, compared with 400 a decade ago.

Some states play the recruiting game better than others. In Washington, an organization called the Corporation for Enterprise Development rates the states and awards letter grades on such items as "business vitality," taxes and fiscal systems, and overall economic performance.

In the organization's 1994 "Development Report Card for the States," Minnesota got straight A's, while Oregon, Colorado, Wisconsin, Utah, Pennsylvania, and Delaware also ranked high.

**T**he economic-development efforts of the nation's most populous state, California, continue to draw strong attention, however. (See "California's Economic Crisis," July 1993.) For the Golden State, the recession was intensified by the loss of thousands of defense-related jobs and natural disasters.

Budget and social problems remain severe, but Republican Gov. Pete Wilson says major improvements are under way. In the past two years, he says, the state has streamlined its permitting process, created a 6 percent investment tax credit, reformed workers' comp, and begun building the state's first new steel mill in a quarter of a century.

Wilson's office notes that California now is home to more of the country's Fortune 500 corporations—48—than any other state; New York ranks second with 43. As Wilson told *Nation's Business*: "What governors should be held accountable for is the kind of business environment that exists in their state. I think

we've made California substantially more competitive than we found it."

When Wilson's office hears that a company is considering leaving the state, the California government dispatches one of its Red Teams, which Wilson describes



PHOTO: GUY F. BENTLEY—BLACK STAR

**California's Wilson:** *The state is "substantially more competitive."*

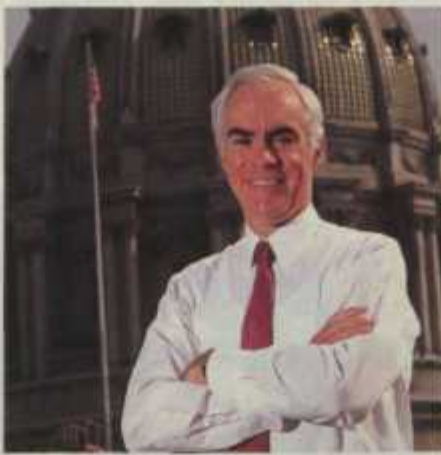


PHOTO: GUY F. BENTLEY—GAMMA LIAISON

**Pennsylvania's Casey:** *"You can call the Response Team, or you can call me."*

as "gridlock-busters who cut through red tape and knock over obstacles to keep and create jobs."

Borrowed from the aerospace industry, the concept uses team members drawn from the public and private sectors on the basis of the specific problem to be addressed. The teams have the dual mission of making the state more competitive and helping an individual company do what is needed to retain jobs in the state.

In June, the Center for the Continuing Study of the California Economy, in Palo Alto, reported: "The recent deep recession did not damage California's long-term growth prospects."

Yet with fewer and fewer U.S. companies expanding, whatever one state achieves is at the expense of another. Says University of South Carolina economics professor Douglas Woodward: "It's a

zero-sum game. Somebody loses. But if they don't [recruit], and everyone else is doing it, then you have to do it."

Victory, when it comes, is rarely total. In Virginia, the legislature approved a package of \$163 million in incentives to lure Disney's America, a historical theme park and commercial-development project that would provide tens of thousands of jobs and \$48 million annually in tax revenue. But the planned theme park has stirred heavy opposition from people who are worried about such diverse factors as increased traffic and the impact the development would have on historic sites.

With the number of domestic targets for economic development decreasing, the action is hottest among the states to draw companies from overseas. In 1969, only 10 states had formal offices of foreign development investment; now, at least 47 do.

Rarely, though, has the hunt for foreign businesses reached the intensity of Alabama's in winning a Mercedes-Benz plant in 1993, a facility now under construction in Vance, just outside Tuscaloosa.

To get the \$500 million factory and its 1,500 jobs, Alabama offered more than \$253 million in incentives, at least \$168,000 a job. Among the lures: free land and a plant that tax abatements will make virtually free. Woodward of South Carolina calls the Mercedes bid "a quantum leap beyond what we've seen before."

Referring to other foreign carmakers planting roots in the United States, Rumberger says: "Because of Toyota, and BMW, and Nissan, and half a dozen others, the ante rose every time."

Gov. Casey of Pennsylvania believes Alabama "gave away the store." The Corporation for Enterprise Development's Brian Dabson says the deal amounts to "mortgaging your kids' futures by giving away your tax base." Yet even he says that if Alabama can follow through and be a happy home for Mercedes, it "uplifts the whole system."

Others, too, defend Alabama's largess. Says Wake Forest University professor Gary Shoesmith: "Alabama is a special case. They needed a trophy like that."

Alabama officials point out that they unsuccessfully offered even more—\$500 million—to get General Motors' Saturn plant, which opted for the Tennessee village of Spring Hill in the mid-1980s.

Still, such concessions will probably pay off. The Mercedes deal could swell to \$7 billion in investment over the next 20 years as suppliers flock to the Tuscaloosa area. As Rob DeRocker of Development Counsellors says: "It's an attention grabber. You can't measure it—how can you measure the public-relations value of Mercedes-Benz?—but you can't discount it, either."



To order a reprint of this story, see Page 72.



## Take Charge of Your Business and Boost Your Sales and Profits!

Help Your Employees Give the Service That Customers Respond and Return To



VHS only.  
Running time 45 minutes. Includes companion audiocassette and workbook.

**\$99.95**  
plus \$6.00 s/h

### THE POWER OF CUSTOMER SERVICE

Let famed Customer Service expert, Dr. Paul Timm, give you the inside track on the do's and don'ts of dealing with customer service (skills that benefit the customer and the employee!). This "how-to-do-it" program details:

- The three C's of customer service success... Concern, Communication, and Competence.
  - Why customers become dissatisfied and how you can turn them around.
  - How to deal with customers courteously and successfully even when you're under pressure.
- This program can be the key to building successful, repeat business. Improve the power of your customer service!

Proven Techniques For Getting Results Through Others

### HOW TO SUPERVISE PEOPLE



**\$99.95**  
plus \$6.00 s/h

Turn Every Customer Into a Lifelong Client  
**50 WAYS TO KEEP YOUR CUSTOMERS**



**\$99.95**  
plus \$6.00 s/h

Proven techniques to help owners, managers, salespeople, telemarketers, office staff—everyone!—make customers want to come back for more. This easy viewing program also helps turn employees into better employees!

VHS only. Running time 45 minutes. Includes companion audiocassette and workbook.

Add New Sales... Right Away!

### 38 PROVEN WAYS TO CLOSE THAT SALE!



VHS only.  
Running time 87 minutes.  
**\$79.95**  
plus \$6.00 s/h

Some people can grab a customer's interest...but come up short when it's time to close. This information-packed video will help you read your prospects, pinpoint their needs—sometimes before they know them—and close transactions confidently. Overcome every objection whether you're on the retail floor, the road, or a high-rise office. Learn how to land the big ones!

Write the Business Plan That Will Jump Start Your Company

### BIZPLANBUILDER

Your business plan is the key to (1) staying in touch with your potential risks and rewards, and (2) convincing investors to fork over needed capital. *BizPlanBuilder* practically does it all for you with more than 90 pages of typed and formatted word processing and spreadsheet files...as well as headlines, sentences, paragraphs, tables, and lists to help you produce your perfect business plan.

*BizPlanBuilder* will help you save valuable time, structure your thinking, and get you the dollars you need...and it will help no matter if this is your first business plan or your tenth. No mistakes. No consulting bills. No hassle.

126-page reference guide and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)  
Regularly \$129.00

Your Price Only  
**\$99.00**  
plus \$6.00 s/h

Create P.R. Like a Pro...Without The Cost of Using an Agency

### PUBLICITYBUILDER

Get your sales-building, image-boosting story into magazines, journals, newspapers, radio, and television. Developed by a public relations agency president, *PublicityBuilder* will put your name



into the hands of your potential buyers quickly and inexpensively.

Computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)  
Regularly \$129.00

Your Price Only  
**\$99.00**  
plus \$6.00 s/h

ORDER NOW! CALL TOLL-FREE **1-800-765-9341**



**New!**  
All software  
is available  
for WINDOWS!



ORDER NOW! CALL TOLL-FREE **1-800-765-9341**

400 Letters That Resolve Disputes,  
Express Opinions, Say Thank You,  
Mend Fences, Offer Congratulations,  
Gain Cooperation...and More!

## PERSONAL LETTERWORKS

### PERSONAL LetterWorks®

If you've ever struggled to write a sympathy note to a colleague or friend...if you're tired of dealing with difficult businesses and individuals...if you've ever wondered how you were going to unravel a payment dispute with an uncaring banker...or how to say "I appreciate you" to a subordinate or "thank you" to a boss...then the all-new PERSONAL LetterWorks is the product you've been waiting for. It shows you how to deal with everything from touchy, feelings-oriented issues to hard-nosed "this-is-the-way-it's-going-to-be" situations...and everything in-between. A sensational collection for your business and personal life.

470-page book (400 letters) and  
computer disk (DOS 5-1/4, 3-1/2,  
WINDOWS 3-1/2, MAC)

**\$79.95**  
plus \$6.00 s/h

PERSONAL  
LetterWorks®

## PERSONNEL READYWORKS

160 Customizable Documents  
That Help Your Company Run  
Smoothly and Avoid Mistakes

For a fraction of the cost of creating your own documents, you can protect your company in sensitive personnel areas, including hiring and termination, performance appraisal and discipline, health and safety, government regulations and procedures, sexual harassment, wages and benefits. Be ready for everything!

370-page book (160 documents) and computer disk  
(DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC)

**\$119.95**  
plus \$6.00 s/h

### PERSONNEL ReadyWorks®



## LEGAL LETTERWORKS

### 165 Legal Forms and Agreements

Count the times you've needed a legal form: a will, partnership or corporation papers, brokerage agreement, real estate lease, contract for sale of goods. Now you can save money on legal fees and avoid time-consuming, deal-killing delays. Just call up the form you want on your computer, fill in the blanks, and print out a completed form.

452-page book (165 legal forms) **\$79.95**  
and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC) plus \$6.00 s/h

### LEGAL LetterWorks®



## SALES LETTERWORKS

### 300 Expert Letters That Generate Sales and Profits

No matter what your business is or who you're trying to convince, SALES LetterWorks has the perfect letter for virtually every selling situation. Call up custom crafted letters on your computer that cover every aspect of selling: creating repeat business, door openers, lead generators, customer relations, responses to objections, collections.

372-page book (308 letters) **\$79.95**  
and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC) plus \$6.00 s/h

### SALES LetterWorks®



Works With  
ALL IBM  
Compatible  
And Macintosh  
Word  
Processors

## BUSINESS LETTERWORKS®

### 400 Professionally Written Letters to Cover All Areas of Your Business

If you've ever struggled to tell an employee you're unhappy with his performance, apologize for an employee's rudeness, make an inquiry to a venture capital firm, or any number of other situations...then BUSINESS LetterWorks will simplify your life! You can call up letters from advertising, to dealing with suppliers, to internal communications.

470-page book (400 letters) **\$79.95**  
and computer disk (DOS 5-1/4, 3-1/2, WINDOWS 3-1/2, MAC) plus \$6.00 s/h

### BUSINESS LetterWorks®



\*FORMERLY  
LETTERWORKS

## COMPUTER TUTORIALS

**MicroTutor®**  
Software  
Tutorials:  
Everything  
You Need To  
Know To  
Help Boost  
Your PC  
Productivity.



### LEARN THE PC

You can learn to operate a PC to make your job easier and yourself more valuable. This program will quickly teach you the basics of operating a PC.

19-page learning guide and disk (DOS 5-1/4 or 3-1/2 disk)

### LOTUS 1-2-3 FOR WINDOWS

Learn how to perform hundreds of commands and macros with a simple click. Save time and eliminate repetitive spreadsheet operations.

25-page guide and disk (3-1/2 disk only)

### WORDPERFECT FOR WINDOWS

Learn how to use the most popular software for creating customized charts and document settings, macros, parallel column, and mail merges.

25-page learning guide and disk (3-1/2 disk only)

NEW ITEMS!  
Learn How to  
Use the Hottest  
Software!

**\$49.95** each  
plus \$6.00 s/h  
per product



## REAL-WORLD LESSONS FOR AMERICA'S SMALL BUSINESSES



Growing competition, shrinking credit, and sagging profits are just a few of the tough challenges facing small businesses today. This 3-volume video library contains the powerful stories of 50 award-winning small businesses that have overcome such challenges and emerged stronger. All were honored by the Blue Chip Enterprise Initiative.

Share the inspiring experiences, success stories, even the mistakes of these small businesses. Learn proven ideas, methods, and strategies that can help you overcome similar challenges and emerge smarter and stronger. Plus, gain more insights from the stories of all 200 regional Blue Chip Enterprise designees recounted in the companion book.

VHS only. 3 videos—running time 2 hours.  
Includes 227-page book. Regularly \$70.00.

Your Price Only  
**\$50.00**  
plus \$6.00 s/h



## UP YOUR CASH FLOW

**How Much Cash Will You Need Next Week, Next Month Or Next Year?**

If you've never had the time or the tools to project cash flow, here's the program for you. *Up Your Cash Flow* is a stand-alone program, not a spreadsheet template. Simply answer the questions on your screen about sales and expenses, and out pops a complete

financial plan in spreadsheet format... without wasting a moment of spreadsheet set-up time to get it! You can spot trends, run "what if" scenarios, and always know your cash needs in advance.

Computer disk (DOS 5-1/4, 3-1/2  
Specify on order form)

**\$89.95**  
plus \$6.00 s/h

# Nation's Business Order Form

Mail To: Nation's Business  
Circulation Dept.  
1615 H St. N.W.,  
Washington, D.C. 20062

**ORDER TOLL-FREE: 1-800-765-9341**  
**OR FAX: 1-202-463-5641**

### Ship To:

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_

Every Product is  
**100% Guaranteed**  
to Your  
Satisfaction!

QTY.	NAME OF PRODUCT	UNIT PRICE	S/H COST	TOTAL PRICE
	The Power of Customer Service	\$99.95	\$6.00	
	How To Supervise People	\$99.95	\$6.00	
	50 Ways to Keep Your Customers	\$99.95	\$6.00	
	38 Proven Ways to Close That Sale	\$79.95	\$6.00	
	BizPlanBuilder DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$99.00	\$6.00	
	PublicityBuilder DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$99.00	\$6.00	
	Personal LetterWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Personnel ReadyWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$119.95	\$6.00	
	Legal LetterWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Sales LetterWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Business LetterWorks DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2 <input type="checkbox"/> Windows 3-1/2 <input type="checkbox"/> MAC	\$79.95	\$6.00	
	Learn the PC DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2	\$49.95	\$6.00	
	Lotus 1-2-3 for Windows 3-1/2 disk only	\$49.95	\$6.00	
	WordPerfect for Windows 3-1/2 disk only	\$49.95	\$6.00	
	Real World Lessons for America's Small Business	\$50.00	\$6.00	
	Up Your Cash Flow DOS <input type="checkbox"/> 5-1/4 <input type="checkbox"/> 3-1/2	\$89.95	\$6.00	
Orders outside CA & D.C. SALES TAX the U.S.A. and Canada add \$25.00 per product for shipping/handling.				
		SHIPPING		
		TOTAL		

### Method of Payment

- ☐ Check or Money Order Enclosed  
☐ Bill My Credit Card:  
☐ VISA ☐ MasterCard  
☐ American Express

Card # \_\_\_\_\_  
Exp. Date \_\_\_\_\_  
Signature \_\_\_\_\_

### Send A FREE Product Catalog To:

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_

NB0994

**Your Order is 100% Satisfaction Guaranteed or Your Money Back**



## ENVIRONMENT

# Voluntary Efforts To Cut Pollution

By Laura M. Litvan

**T**he children at St. George Catholic elementary school in Philadelphia are taught to "love thy neighbor." But three years ago, the smell of pollutants from a small factory next door tested the very limits of neighborliness.

Located less than two feet from the school building is Aldan Rubber Co., which since 1909 has manufactured rubber-coated fabrics for firefighters' uniforms and other products. When making its products, the company uses two toxic chemicals as solvents to help spread rubber evenly onto fabrics.

The school's principal, Jane Rowles, says that in recent years the smell from the factory—similar to the odor of model-airplane glue—at times hung heavily in the air. "It was in the classrooms, it was in the hall, it was in the school yard."

In 1991, about 100 parents of the schoolchildren threatened to sue the company because, they alleged in a notification letter to the firm, the smell from Aldan Rubber constituted a violation of the Clean Air Act. Under a provision of a wide-ranging state plan designed to bring the Philadelphia region into compliance with the federal law, local citizens may sue a company simply on the basis of an offensive odor it emits.

Shortly after receiving the notification, company managers heard about a new U.S. Environmental Protection Agency initiative called "33/50," which encourages companies to develop their own voluntary plans to reduce emissions. The company decided to use the program as a tool to address its ongoing problems, and it set a goal of a drastic 80 percent cutback in emissions by 1995.

Efforts to meet the EPA pledge ultimately worked in conjunction with the company's desire to avert the threatened lawsuit. In June 1992, Aldan Rubber, the parents, and Philadelphia environmental regulators signed a consent decree outlining specific measures the company would take to cut pollution. Many of these measures were also a part of plans to meet the voluntary EPA goal.

Donald Klumpp, Aldan's executive vice president, credits the 33/50 program for helping his company begin to tackle its pollution problem. Because the reduction target was voluntary, Klumpp says, he felt comfortable pursuing such a high goal.

"I felt I could take more chances and be

more aggressive in what we're trying to do here because I wasn't working toward a mandatory goal." And in the past year, Rowles, the school principal, says she has noticed a difference. "I have to say there have been improvements," she says, adding that she now rarely smells strong whiffs of chemicals.

Indeed, behind the walls of the factory, things have changed. In 1988, the factory emitted 1.39 million pounds of the two chemicals it uses in the manufacturing process, according to data it submitted to the EPA. Those chemicals are toluene and

*Small companies are devising their own strategies, and the EPA is encouraging the trend.*

The 33/50 program that helped Aldan achieve its successes is one of eight voluntary programs administered by the EPA and created within the past 3½ years. The programs' goals range widely, from conserving energy to incorporating environmental concerns in the development of new products and manufacturing techniques. (See the descriptions of programs on Page 64.)

Each program offers companies technical guidance in developing environmentally sound work practices and recognition for their efforts.



PHOTO: ISSAL DINARCO—BLACK STRA

**Emission of two chemicals from Aldan Rubber fell 73 percent from 1988 to 1992. Donald Klumpp, a company executive, credits the EPA's 33/50 program.**

methyl ethyl ketone, which evaporate.

By 1992, however, Aldan Rubber's emission of the evaporated chemicals had dropped to 377,000 pounds, a 73 percent reduction.

The story behind the drop is part of an important trend in pollution-reduction efforts: the increasing reliance on self-designed, voluntary initiatives by companies—rather than simply on the mandated requirements in federal and state laws—to achieve large cutbacks in pollution levels.

Last year, President Clinton heightened the emphasis on voluntary pollution reduction when he made such efforts the focus of his plan to cut emissions of "greenhouse" gases to 1990 levels by 2000. One of the eight current EPA programs, Climate-Wise, which is jointly administered with the U.S. Department of Energy, is expected to become an umbrella program for many of the industry initiatives expected to result from the president's plan.

By year's end, EPA officials say, the



agency will add a ninth program, which will offer technical help to companies that want to improve indoor air quality.

**T**he 33/50 program derives its name from its goals. Participating companies agreed to try to cut their releases or transfers of 17 specified toxic chemicals by at least 33 percent by 1992 and 50 percent by 1995, using their 1988 levels as a base. Companies that have signed up since 1992 are still challenged to meet the 1995 50 percent reduction target. But because the program is voluntary, some companies have set independent goals.

At Aldan, managers decided to aim higher, shooting for an 80 percent reduction in the two chemicals emitted by 1995, a target reflected in their pollution-reduction plan.

Like many companies that have participated in the EPA's voluntary programs, Aldan Rubber's managers got involved not only to improve the environment but also to save money and curb the ongoing legal and regulatory pressures that come with emitting pollutants.

Under the 33/50 program, the company began by tracking the use of the chemicals through the entire manufacturing process, from the unloading of the solvents from tank trucks to the disposal of leftover rubber scrap. A chief component of Aldan's plan—which was included in the consent decree—was renovation of the factory's solvent recovery system to improve its efficiency. Now it captures 20 percent more of the vapors than it did previously, the company says.

Also, the company enclosed its machinery to further prevent releases of the chemicals. Toluene vapors are now captured and converted back to liquid form, then reused, saving the company about \$150,000 annually in chemical costs, the company says.

But the company's strategy went beyond what was laid out in the consent decree. Managers also began training all workers about the need to prevent releases of the solvents, and employees were encouraged to make suggestions about further improving the effort. Instead of cleaning machinery by hand-wiping it with toluene—another way the company had used the solvent—the company switched to a nontoxic, citrus-based solution.

Each of the EPA's voluntary programs has yielded individual improvements by companies, but 33/50 is gaining a reputation as the most successful. Information from the agency's annual inventory of toxic

releases by manufacturers shows that the 1,200 companies involved in 33/50 had far surpassed their one-third reduction target for 1992, cutting back on emissions of the 17 chemicals by 40 percent between 1988 and 1992. This equates to a 596 million pound reduction in the pollutants released into the environment by industry in 1992, compared with 1988 levels.

At a first-of-its-kind conference in Williamsburg, Va., in May, EPA officials and business managers discussed how to build on the program's success and use voluntary efforts even more effectively.

Dr. Lynn Goldman, an assistant EPA administrator who oversees many of the voluntary programs, pointed out to industry attendees that federal environmental laws, such as the Clean Air and Clean Water acts, resulted in dramatic reductions in pollution levels after they were enacted in the early 1970s. But further achievements under those laws are likely to be incremental, she said. Thus, the

agency is looking to voluntary efforts as a hope for achieving continued big reductions, Goldman said.

Nevertheless, she emphasized, businesses should not expect federal environmental mandates to be relaxed. "Regulations are, and will continue to be, the very underpinnings of what we do at the EPA," she said.

EPA Administrator Carol Browner noted that voluntary programs can encourage companies to pursue methods of pollution prevention not regulated by environmental laws—which tend to focus on the substances emitted from a work site into the air, land, or water rather than the manufacturing processes and materials that can cause the emissions.

By looking more closely at their manufacturing processes, companies can find ways on their own to cut pollution by changing processes or materials, or by cutting back on the materials they use.

Company managers and employees are probably best-suited to identify the most cost-effective changes, Browner added. "We have to be able to capitalize on that," Browner said.

One company participating in 33/50 that has made changes in its manufacturing process is Caspian Inc., a 70-employee San Diego chemical milling company that works with aerospace companies.

The company provides its clients with a service, whereby it removes excess weight from aluminum aerospace components. It does this by dipping components into acids to remove excess weight after they have first been dipped into a coating solution that protects selected portions to be preserved. For years, the company used two toxic chemicals on the 33/50 list in its coating solution: perchloroethylene, known in the industry as "perc," and 1,1,1 trichloroethane.

That began to change in 1987, when the company received a report from the EPA indicating that, despite its relatively small size, it was the second-largest industrial polluter in San Diego County. "When I saw it, I went to my boss and said, 'This is crazy,'" says Linda Collins, environmental manager at Caspian.

EPA data indicate that in 1988 the company released 355,000 pounds of the two chemicals into the air in San Diego. The emission levels of the chemicals were legal, and the company was not cited in violation of any environmental law.

Nonetheless, Cyrus Jaffari, president of Caspian, began to invest in research and development of a water-based coating solution that would eliminate the need for the two chemicals. He created a second



**A San Diego firm, Caspian Inc., has halted emission of two toxic chemicals at its dip-and-dunk operation.**



## ENVIRONMENT

company, Malek Inc., to develop and later market the new product, operating that company from Caspian's work site. And in 1989, Caspian began using the new protective solution, ending the company's emission of the chemicals.

Collins says one benefit of the switch is less paperwork. The company no longer has to submit lengthy reports to the EPA and local regulators on its use of the chemicals.

Also, Caspian is hoping that as other companies in its industry try to cut their pollution levels by turning to water-based coating solutions, Malek will be well-positioned to provide the product.

**D**espite such successes, some environmentalists say they worry that programs like 33/50 tend to attract companies that are more environmentally responsible and that the true focus of the EPA's efforts should be on firms that might not reduce pollution without the threat of penalty.

Indeed, the move toward more voluntary programs has sparked some disagreement between the business lobby and environmentalists. Business would generally like to see companies reduce any negative impact that they might have on the environment, but through voluntary programs and other flexible means that do not cause widespread disruptions.



PHOTO: SCOTT CORNELL

*Reducing her firm's emissions has also cut paperwork for Caspian's Linda Collins.*

Many environmentalists, however, believe that companies should be required to make changes more quickly, even if in some cases managers have to overhaul the way they do business.

Meanwhile, Citizen Action, a Washing-

ton, D.C.-based consumer group, recently criticized the 33/50 program, largely because it has allowed companies to take credit for pollution cutbacks that have occurred since 1988—before the inception of the program in 1991. In a survey of 150 participants in the voluntary program, it found that 83 percent of emissions reductions among respondents were between 1988 and 1991.

David Sarokin, director of the 33/50 program, says the EPA deliberately selected 1988 as a base year to give industry participants credit for being "good guys" in the three years before the program went into effect. "We wanted to capitalize on existing momentum," he says.

Sarokin says that the EPA views voluntary programs not only as a method to measure successes but also as a tool to help companies "crystallize" their resolve and their environmental sensitivity.

For their part, managers at Aldan Rubber say the voluntary program did just that. Klumpp says his company's plan to reach its goals under 33/50 reduced the company's emissions and helped managers build more constructive relationships with regulators and the surrounding community.

"It's nice not to be fighting with everybody, and have them fighting with us," Klumpp says. "This has been the ultimate win-win situation."

## Voluntary EPA Programs

Eight voluntary pollution-prevention programs are administered by the U.S. Environmental Protection Agency. Each program offers technical guidance, referrals to other sources of assistance, and recognition for participants.

**The 33/50 program.** Encourages voluntary reductions in releases of 17 toxic pollutants from industrial sites. The program derives its name from its goals, which were to reduce by 33 percent in 1992 and 50 percent in 1995 the 1.47 billion pounds of toxic emissions of these chemicals that were being emitted in 1988.

EPA contact: David Sarokin, (202) 260-6907, or Mike Burns, (202) 260-6394.

**Climate-Wise.** Designed to help companies find innovative ways to reduce emissions of so-called greenhouse gases. Companies sign pledges detailing their own plans, which might include changing manufacturing processes or substituting raw materials. The EPA is jointly administering this program with the U.S. Department of Energy.

EPA contact: Pam Herman, (202) 260-4407.

**Design for the Environment.** Encourages businesses to incorporate environmental considerations in the design of products and manufacturing processes early. Among other kinds of assistance, specialists help companies sort out the costs of environmentally friendly alternatives to old ways of making products.

EPA contact: Pollution Prevention Information Clearinghouse, (202) 260-1023.

**Energy Star Buildings.** Helps commercial and industrial building owners cut energy costs through such means as reducing heating, ventilation, and air-conditioning loads. Among the aids available to companies that participate are case studies and access to a data base of financing programs for upgrading facilities.

EPA contact: Green Lights and Energy Star hot line, (202) 775-6650.

**Energy Star Computers.** Works to have more computer makers produce equipment that has the energy-saving capability of "powering down"—or reducing power use automatically—when a computer isn't being used. The EPA has

signed partnership agreements with participating manufacturers to develop the products.

EPA contact: Green Lights and Energy Star hot line, (202) 775-6650.

**Green Lights.** Encourages energy conservation by providing on-site technical guidance and other resources that help companies switch to more energy-efficient lighting.

EPA contact: Green Lights and Energy Star hot line, (202) 775-6650.

**WasteWiSe.** Promotes cost-effective steps to reduce the amount of solid waste generated by businesses. Participants commit to cutting back on the trash they generate, stepping up their recycling efforts, and buying or making recycled products.

EPA contact: WasteWiSe hot line, 1-800-372-9473.

**WAVE (Water Alliance for Voluntary Efficiency).** Fosters water conservation in the lodging industry. Participating companies are encouraged to reduce water use by as much as 30 percent by installing water-efficient equipment.

EPA contact: John Flowers, (202) 260-7288.



# Get The Fax!

## 897 • Morningstar Mutual Funds

Morningstar offers 11 print and four software products analyzing mutual funds, closed-end funds, variable-insurance products and international equities. Call for a complimentary, full-page mutual fund report from our OnDemand service.

## 896 • Corporate Ergonomics

Corporate Ergonomics Consultants brings cost effective ergonomic solutions to offices and light industry translating into improved worker productivity and safety records.

## 895 • LAN Designer

A comprehensive tool for businesses to design, select, and implement a PC network. This "consultant in a box" provides the foundation for making intelligent networking decisions. Only \$99.95 from Reliant Data Systems!

## 894 • Performance Now!

Performance Now! software writes employee reviews for you. Simply rate your employee's performance on a numerical scale and Performance Now! does the rest. Join the thousands who already use this timesaving tool.

## 893 • Intuit QuickBooks

QuickBooks makes managing a small business fast and easy, from creating invoices to tracking payables. No accounting knowledge required! Get information to run your business better. Call to try QuickBooks for just \$8.00.

## 892 • Ascom Hasler Mailing Systems

Start saving money in your firm's mail processing with efficient, economical, attractively priced mailing systems. Learn how our new postal and shipping scales will put more smarts in your mailroom. Punch 892 for more information.

## 891 • Professional Displays

Exhibiting? Is your display working or just occupying space? Pre-show strategies — innovative variety of stunning portable/modular displays — full graphics support. We specialize in making YOU look good! Call for answers.

## 890 • MassMutual

Practical, authoritative booklet on family business succession planning basics...with insights on the financial and personal decisions that can help keep your family business where it belongs — in the family. Call today.

## 889 • Current Business Checks

Get 150 checks as low as \$14.95! One-part or carbonless duplicate in four designs; general purpose 3-on-a-page with stubs. 44-year-old money-back guarantee.

## 888 • Peachtree Software

Praised by the press and its customers, Peachtree Accounting for Windows is the true leader in accounting software. The new, easy-to-use Release 3.0 does more than simply keep your books; it helps you manage your business. Call to save \$30 off the retail price.

Pick up your phone.

Dial toll-free 800-597-7363.

Punch in the three-digit code for the advertiser information you select.

Enter your fax number.

Almost before you have time to hang up, your fax machine will be receiving the data you requested.

It's that simple and quick.

Nation's Business is your small-business adviser.

24 hours a day, seven days a week.



## 887 • The Blue Chip Enterprise Initiative Award

Call for a free application kit and guidelines to help you participate in this nationally recognized small-business award and information-sharing program. Benefits to businesses selected include publicity support and coverage in the Initiative's case history book and video library.

## 886 • Destiny Business Information and Planning System

Measure your business. Model it. Feel its pulse. Present it professionally. "Destiny...simple and powerful...breaks the mold of the complex business plan." —PC Magazine. GAAP compliant. Call for information.

## 885 • PR Newswire

Challenge: Getting your company's news into the hands of the country's top 2,000 editors — without hassle and at minimal cost. Solution: PR Newswire.

## 884 • Mita Plain Paper Fax Machines

Mita offers full-featured fax machines with laser technology for clear, precise images and the convenience of plain paper to increase your business productivity. The times demand Mita.

## 883 • NASDAQ

The Nasdaq Stock Market is a screen-based market that is the world's fastest growing major market and the second largest in terms of dollar volume. Call today.

## 882 • The Seven Habits of Highly Effective People

Call to receive a free copy of the Seven Habits Application Workbook and audio tape by Stephen R. Covey. Assure your competitive edge for 1994 and beyond.

## 881 • American Life Insurance

Help your employees provide for their future with an American Life 401(k) Pension Plan. Fourteen investment options, unlimited allocations, no commissions, transfer changes or withdrawal fees.

## 880 • Cessna

Call us now for details on how your company can get into a fast, efficient CitationJet — the truly cost-effective alternative to the slow speeds of propeller-driven aircraft or the hassles of airline travel.

## 879 • The Guardian Life Insurance Company of America

Call now for an easy, step-by-step guide to protect your most valuable assets plus information about one of the best ways to receive income for your retirement years.

## 898 • Nation's Business Editorial Calendar

The annual truck buyers' guide, trends in small-business financing, a health reform update. These are some of the stories planned for Nation's Business. Call now for a copy of the August through December editorial lineup.

**Nation's Business**  
The Small Business Adviser



# Free-Spirited Enterprise

By Janet L. Willen

## Ship Shape

Sea air may be just what your business needs. **EquiPro International, Ltd.**, an executive training firm in New York City, conducts its training sessions, called OnBoard Teambuilding, while at sea.

Executives do not have to have any sailing experience, but they do assist a professional crew in basic tasks.

With a facilitator, a team of executives explores skills common to successful management and successful yacht racing. The facilitator interviews the executives before the voyage to establish goals and set an agenda.

During the sessions, the team evaluates its performance, its roles, and how the sailing venture relates to the group's on-the-job relationships and performances.

Most OnBoard Teambuilding sessions are limited to eight to 10 people and run from one to three days.

Boats depart from points along the Eastern seaboard, including Newport, R.I., and New York City, and from Captiva Island, Fla. Costs start at \$5,000 per group. For more information, call (212) 758-0678.

## Lighten Up

When Shakespeare said, "The time is out of joint," he could

have been speaking for business travelers suffering jet lag.

**Bio-Brite, Inc.**, and **Circadian Travel Technologies**, both of Bethesda, Md., designed a Jet Lag Combat Kit to help business people on the go reset their biological clocks.

The kit contains a cus-



tomized trip guide. Travelers give Circadian their itineraries and typical wake-up times, and the company tells them when they should seek bright light and when they should avoid it.

For bright light, the kit contains a Jet Lag Visor, designed by Bio-Brite. Travelers wear the visor as they would a typical sun visor, but it delivers simulated natural light—free of glare and ultraviolet rays—above the eyes. Bio-Brite says exposure to light at the right time helps travelers' biological clocks readjust to new time zones.

For darkness, the kit has Light Control Glasses, which look like dark sunglasses, to keep light out.



The kit costs \$379, which includes one customized trip guide, spare bulbs, and a battery pack and charger. Additional guides cost \$28. The kit may also be rented for \$40 per trip, including a guide. For more information, call 1-800-538-4843.

## Travel With Care

For short trips, **Aubrey Organics**, of Tampa, Fla., sells its natural hair-care and skin-care products in a travel pack, called Overnight Passport.

The kit contains a half-ounce each of shampoo, conditioner, facial cleanser, toner, and moisturizer. The manufacturer says the products do not contain synthetic colors, detergents, emulsifiers, or perfumes and are preserved with citrus seed extract and vitamins A, C, and E.

Kits are available in normal-to-dry and normal-to-oily versions. Retail cost is \$4.95 plus shipping and handling. For more information, call 1-800-AUBREY-H, or 1-800-282-7394.



## Worldly View

Business travelers who want to know more about where they're going can turn to **Worldwide Brochures from Travel Companions International, Inc.**, in Detroit Lakes, Minn.

The company lists chambers of commerce, tourism offices, tour sponsors, and other organizations that offer more than 10,000 free brochures, maps, and guides. The listings are available through three services: a print directory, a software directory, and an electronic bulletin board.

The 14,000-page print directory describes each resource and where to write or call for it. The cost is \$39, plus \$6 for shipping.

The IBM-compatible disk costs \$19, plus \$3 shipping, and requires a hard drive and 6 megabytes of free space.

The bulletin board is available to anyone with an IBM-



compatible or Macintosh computer and a modem. Call (218) 847-3027.

For an annual \$12 subscription fee, you can order electronically.

For more information, call 1-800-852-6752.

## Picture This

Wherever you go, you can leave a good impression with the EgoCard, from **Rio Station Graphics**, of New York City.

The EgoCard is designed to tell the who, what, where, when, and why of your business or yourself. You supply a 140-word description and a black-and-white photo.

The folded card measures 6 by 2 inches opened and 3 1/2 by 2 inches closed. When closed, the front of the card shows a picture of the cardholder as well as standard business-card fare: name, address, phone, fax. Open the card for a personal description.

Rio Graphics supplies a questionnaire to guide customers through writing the text for the card.

The minimum charge is \$290 for 1,000 cards, depending on



text changes, photo retouching, and other adjustments.

For more information, call (212) 964-9418.



# It's Your Money

*A monthly survey of strategies and suggestions to help you with your personal finances.*

By Peter Weaver

## AUTOMOBILES

### Considering A Lease? Focus On Total Cost

Want to drive a car you thought you could never afford? The relatively low monthly lease payments that can be had might make that possible.

A new Audi 90, for example, can be leased for as little as \$247 a month for 36 months. A Cadillac Sedan de Ville goes for \$399 a month for 24 months, and a Lexus ES 300 comes in at \$299 a month for 36 months.

Looks good? Maybe. But read the small print carefully. With the Audi, you have to pay \$3,000 up front. For the Cadillac, it's \$2,400, and for the Lexus, \$3,000.

"If you put an investment value on the \$3,000 advance payment on the Audi," says Jerry Duffy, president of Jefferson Auto Leasing, in Millersville, Md., "it would make your true monthly cost around \$347, instead of \$247," figured at 7 percent a year.

Then, Duffy says, "there are all those cash extras they add on to keep the monthly payments low." These include a security deposit of several hundred dollars and a month's lease payment in advance.

"Freight charges, taxes, tags are also added onto your initial down payment," Duffy says. At the end of the lease you may have to pay an additional fee if you drove more than 12,000 miles a year and had some dents and nicks that had to be fixed and repainted.

Still, for someone who wants a new car every two or three years, some of these leasing deals might make sense. But you have to realize that one way or another, you won't just be making monthly payments.

"If you balk at paying \$3,000 or so up front," Duffy says, "they can make it go away—but you'll have much higher monthly payments."

Duffy advises prospective auto leasing customers to look at any dealer offer four ways:



PHOTO: ©TOM MCCARTHY—POLARIS INC.

*To ensure that you are getting a good deal, keep in mind how much you will pay before, during, and at the close of the lease.*

- What do you owe up front?
- What do you owe during the term (total monthly payments)?
- What do you owe at the end of the lease (including mileage and nicks)?
- What's the total cost?

That way, it will be easier to compare one dealer's offer with another's. States

are beginning to pass laws requiring that this full, four-point disclosure be made in advance, in writing. And more dealers are initiating their own customer-education programs. Some are even waiving the advance first month's payment and the security deposit.

It pays to compare.

## CREDIT

### Should You Insure Your Card's Balance?

Some national issuers of credit cards are offering insurance to cover the payments should you die, become disabled, or lose your job. According to a typical statement-stuffer: "The cost is just 66 cents per \$100 of your outstanding balance."

Just 66 cents? Sounds cheap. But wait a minute. For someone with a \$1,000 outstanding balance, that's \$6.60 a month, or \$79.20 a year. "Even the most expensive life and disability insurance policies are far less expensive than this," says Robert Tedoldi, president of the National Association of Life Underwriters, which is based in Washington, D.C.

The offer goes like this: If you die, the insurer will pay off the balance up to \$10,000. If you are sick, disabled, or lose your job, the insurer will make the minimum monthly payment for you—up to \$10,000.

To compare credit-card insurance with term life insurance and disability insur-

ance, Tedoldi gives this example: Let's say you are in your 30s or 40s and have a credit-card balance of \$5,000. At a cost of 66 cents for every \$100 of outstanding monthly balance, the charge comes to \$396 a year: 66 cents times \$50 (\$5,000 divided by \$100) times 12.

Life insurance would cost about \$1 per \$1,000 of coverage, or \$5 a year for \$5,000 coverage. To get \$5,000's worth of disability coverage, which would involve payments of just over \$200 a month for two years, you would pay about \$91.

So the annual cost of a typical life insurance policy and a typical disability insurance policy would total \$96—\$300 less than what you would have to pay for the credit-card coverage.

"This is no way to buy insurance," says Texas State Insurance Commissioner Robert Hunter, explaining that "you should figure out all your family protection needs and then get enough to cover everything. ... There's more than just your credit-card bill to pay if something happens."



Peter Weaver is a Washington-based columnist on personal finance.



## INVESTING

Purchasing Artwork  
For Fun And Profit

The art market, which crashed about five years ago, is reviving. The big galleries in New York, London, and Paris are getting record prices for top-of-the-line paintings.

Certain works that are in excellent condition and are fresh on the market are getting top prices, but the works of other artists are still in a slump. "Some good buys can be found among the top-quality, second-tier impressionists with pretty subject matter, such as ladies in white dresses in gardens, or coastal scenes," says Hollis Taggart, president of Taggart Galleries in New York and editor of the *Art Market Reporter* newsletter. He men-

tions such artists as Abbott Graves, Francis Jones, George Hitchcock, and Hamilton Hamilton. Prices range from \$20,000 on up.

If this is too much for your investment-art budget, Taggart suggests inspecting works by second- and third-tier artists of the 19th century Hudson River school, such as Russell Smith, Jervis McIntee, William Hart, and John Casilear. Prices in this group range from \$7,500 to \$25,000.

How do you spot a good buy among the myriad of offerings at galleries and auctions? "You do a lot of your own research," Taggart says, "by reading about the painters you like and visiting galleries and auctions."

Even doing a lot of research is not always enough to ensure that you'll get a good buy. "I always tell beginning collectors to get specific advice from an expert," Taggart says, "even if you have to pay a consulting fee."

You can get names of reliable art consultants from museums, university art departments, and reputable galleries that have been in business a long time. You

don't want to be stuck with an overpriced painting or print.

And you certainly don't want to buy a forgery. "We're finding a number of fakes showing up at traveling auctions and some small galleries," says Brinley Williams, an attorney with the Federal Trade Commission's Cleveland office.

"If someone is selling a limited edition of prints, at deep discounts, by well-known artists who have been dead a number of years," Williams says, "a warning flag should go up: Why the discounts?"

When you buy a valuable painting or print, you should get a letter of authenticity, but such documentation is only as good as the seller's integrity. "Some museums will give you a referral list of legitimate experts," Williams says, "people who can spot fakes and good values."

You can get a free copy of the *Art Market Reporter* newsletter and possibly some gallery referrals (depending on where you live) by writing to: Hollis Taggart, Taggart Galleries, 48 E. 73rd St., New York, N.Y. 10021.

## ASSISTED LIVING

Options For Older  
Loved Ones

You have a parent or grandparent who can't quite make it on his or her own. What's really needed are 24-hour monitoring and help with some of the daily living chores (meals, bathing, dressing).

Time was, the only choice you had was to send a family member or relative who needed some assistance to a nursing home. Now, you have three choices:

- Keep the person at home with around-the-clock home-care service, which may be prohibitively expensive.
- Send the person to a nearby skilled-care nursing home.

- Try an assisted-living facility, which provides help for a person with daily living needs in a residential, as opposed to an institutional, setting.

The base price of an assisted-living facility is usually less than what you would pay at an equivalent-level nursing home. But this can be deceiving. "As extra care and services are needed," says Susan Fitzgerald, spokeswoman for the Assisted Living Facilities Association of America (ALFAA), in Fairfax, Va., "you move up to higher-cost packages."

Level one, for example, might include housekeeping, meals, assisted bathing, and other routine care. Level two might involve more supervision, plus help with bathroom needs, eating, and medication.

A nursing home may give you these extras and more for a price that is less than the assisted-living facility's base price plus all of the add-ons. "You have to read your contract over very carefully," says Elma Holder, director of the National Citizens Coalition For Nursing Home Reform, a consumer-advocacy group based in Washington, D.C.

In most states, assisted-living facilities are not regulated as stringently as nursing homes. Thus, you may have to do more in the way of research. Your area agency on aging (found under local government listings in the phone book) may be able to give you advice and referrals.

## MORTGAGES

Home-Equity  
Loan Bargains

After interest rates began to rise, the refinancing market slowed down. This has forced some lenders to concentrate on selling home-equity loans to pick up the

customers a rate that is 1.75 percent below prime (the rate banks charge their biggest and best corporate customers) for nine months. Then, the rate reverts to only 1 percent above prime.

Some lenders are tying home-equity deals in with offers for credit cards. Use

their home-equity-backed credit card, they say, and you can write off the interest on every purchase or cash advance. And the rate you're paying—about 7 percent or more—is far lower than the 12 to 18 percent charged on most credit-card balances.

The big national banks started the push to sell home-equity loans, and now mortgage-banking companies are heating up the competition.

"We've opened up

a home-equity program for mortgage bankers," according to Mark Korell, a spokesman for Residential Funding Corp., a Minneapolis-based company that provides secondary market funding.

If you could use money for college, debt consolidation, or whatever, and are "selected" by a bank or mortgage-banking company to apply for a low-cost, low-fuss, home-equity line of credit, now is the time to act. The competition for your signature couldn't be keener.



PHOTO: ROBERT SHAFER-FOCUS, INC.

**Lenders right now** are offering favorable terms on home-equity loans and lines of credit.

slack. If you're a good credit risk, bargains abound.

"They're offering preapproved lines of credit without all the fuss," says John Lewis, managing editor of the *Inside Mortgage Finance* newsletter, based in Bethesda, Md.

You don't have to pay any closing costs, you get your loan or line of credit right away, and the rate will be lower than anything you can get elsewhere.

One national lender is offering its



TO FIND THE RIGHT HEALTH CARE PLAN,  
FOLLOW THE CLUES.



PEANUTS Characters: © 1958, 1965 United Feature Syndicate, Inc.

SCHULZ

**MetLife® HealthCare**  
**THE CHOICE IS ELEMENTARY.**

*To examine MetLife HealthCare coverage yourself, please call us at: (800) 248-2821.*

MetLife HealthCare Network of California, Inc., MetLife HealthCare Network of Colorado, Inc., MetLife HealthCare Network of Florida, Inc., MetLife HealthCare Network of Georgia, Inc., MetLife HealthCare Network of Illinois, Inc., MetLife HealthCare Network of Kansas City, Inc., MetLife HealthCare Network of Massachusetts, Inc., MetLife HealthCare Network, Inc., MetLife HealthCare Network of Northern New Jersey, Inc., MetLife HealthCare Network of New York, Inc., MetLife HealthCare Network of Ohio, Inc., MetLife HealthCare Network of Texas, Inc., MetLife HealthCare Network of Wisconsin, Inc.



# IF YOU THINK YOU'RE GOING TO GIVE US A PROBLEM-

We've been turning trouble into opportunities for nearly half a century. We don't get mad - we get technical. That's how the Sarnoff Research Center came up with the first complementary metal oxide semi-conducting chip. And the first solid state amplifier for space use . . . . The problem is, you should be up front with us - so we can use our heads, hunches, and tremendous reservoir of knowledge and experience in such areas as superconductivity, surface emitting diode lasers, and high-definition TV systems . . . . We'll give as good as we get. For industry and government, we use the genius of the mind on basic research and product-oriented, market-driven problem solving. Heads in the clouds, feet on the ground, we're ready for the toughest challenge you can throw at us . . . . For information contact: Public Affairs, David Sarnoff Research Center, CN 5300, Princeton, NJ 08543-5300 (609) 734-2507. So what's your problem????

# TERRIFIC!

DAVID  
**Sarnoff**

RESEARCH CENTER

Subsidiary of SRI International

FIFTY YEARS OF VISION





# Most mortgages are designed for most people. But suppose you're not most people?

With substantial resources—and more than 50 mortgage programs to choose from—an Emigrant Mortgage Specialist can design a home financing package that does what you want it to.

**L**et's say you need a mortgage that exceeds traditional bank limits—an amount anywhere from \$200,000 to \$1 million or more. Maybe you're seeking a flexible lender who understands the special needs of self-employed people. Perhaps you want the benefits of property ownership but not the commitment of long-term financing at a fixed rate.

If your needs are a little out of the ordinary, it makes sense to sit down with an Emigrant Mortgage Specialist and explore the extraordinary number of options we offer. We not only have strong

capital resources; we also offer you a choice of more than 50 mortgage programs, any one of which can be custom designed to work in harmony with your income, investments, lifestyle and fixed expenses.

Acting as your personal consultant, our Mortgage Specialist will work with you from application to closing, to make sure you get the mortgage you need—at the lowest possible cost.

For all the facts, call Emigrant at (212) 850-4848.

**EMIGRANT**  
MORTGAGE COMPANY, INC.

*A subsidiary of Emigrant Savings Bank*





# Where can you find the right document management and imaging solutions for your company?

Document management and imaging technology is rapidly changing the way companies do business, making them far more efficient. They're better at serving their customers. And better on the bottom line.

Yet, it seems like every day someone's telling you a different story about your document management needs. Hardware, software, standardization, upgradability — how do you choose the solution that's right for your company?

The best way: Document Management & Imaging Expo. The premier document management and imaging event in the country. Where the power players in the industry meet under one roof, to show how document management can maximize your company's efficiency and bottom line. Meet face to face, so you can get the answers that will make your company more competitive, more profitable, today...and tomorrow. Complete and return the form below for a free pass to Document Management & Imaging Expo (a \$50 value).



## FREE ADMISSION OFFER

PLEASE COMPLETE AND RETURN THE FORM BELOW FOR YOUR FREE PASS.

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_

**Document Management & Imaging Expo & Conference**

**When:** Sept. 20-22, 1994

**Where:** Jacob Javits Center, NYC

**For Conference Info, Call:**  
1-617-837-7200

**C·O·M·T·E·K**  
**INTERNATIONAL**

43 Danbury Rd., Wilton, CT 06897 • 203-834-1122

**FOR MORE INFORMATION, CALL**

**1-800-44-IMAGE or FAX 203-762-0773**

**DOCUMENT MANAGEMENT & IMAGING EXPO**



# To Your Health

*Managing well includes managing your own health; here is advice to help you do that better.*

By Christine K. Nowroozi

## Treating Serious Headaches

In her teens, Catherine Cooper Nellist began experiencing the throbbing pain characteristic of migraine headaches. Then she gradually developed an almost constant, dull pain across her head, and the migraines still struck occasionally.

Over time, Nellist, now 32, learned to live with some discomfort. But after years of trying different drugs and other therapies, Nellist and her physician have found a combination of drugs that has given her significant relief.

Although most adults don't experience headaches that are as complex as Nellist's, up to two-thirds of men and women have occasional headaches that require some type of painkiller.

Because headaches are so common, you need to know when to seek medical attention. According to Dr. Seymour Diamond, who directs the Diamond Headache Clinic and the inpatient headache unit at the University of Chicago's Louise A. Weiss Memorial Hospital, any one of these situations merits a call to a doctor:

- A headache occurs daily, or almost daily.
- You're taking over-the-counter or prescription pain relievers daily or almost daily.
- Your headache is provoked by exertion—exercise, or even coughing and sneezing.
- You're also experiencing numbness or other neurological signs.
- Your headaches are becoming progressively worse over time.
- Simple pain relievers don't help.
- You're losing time in work and other daily activities.

Most headaches that physicians see—and that aren't related to any general medical disorder—are either chronic tension-type headaches or vascular headaches (involving inflammation of the blood vessels), such as migraine and cluster headaches.

Migraines are much more common in women, and often occur before or during



PHOTO: GREGORY W. MYERS—UNIPOTO

**A prescribed combination of drugs often relieves severe conditions.**

menstruation. These headaches rarely develop after age 40, and in about 70 percent of cases, they develop in patients with a family history of them. Migraines occur sporadically, usually on one side of the head. There is often a throbbing, as well as nausea and sensitivity to light.

Chronic tension-type headaches, on the other hand, are characterized by dull, nonthrobbing pain that usually affects both sides of the head and can last for days at a time. These headaches are much more likely than migraines to start later in life, experts say.

Stress plays a role in both tension-type and migraine headaches, Diamond says. He and many other headache specialists use a variety of stress-reduction techniques, such as biofeedback.

But drug treatment usually takes center stage. Patients and physicians have an array of drugs to choose from, and because no one drug appears to be superior for any headache type, decisions usually are made after weighing the different medications' side effects. Many

patients, like Nellist, go through a few trial runs to find an optimal combination of drugs and sometimes diet and other nondrug interventions.

Sumatriptan, a new migraine drug approved last year, is bringing relief to millions of patients. It is an example of a medication that alleviates headache once symptoms start. Other drugs, such as beta blockers, tricyclic antidepressants, and nonsteroid anti-inflammatory agents, work to prevent the onset of various types of headache.

Cluster headaches, the rarest and most debilitating type, require the most intensive treatment. Attacks occur every day for weeks or months, then disappear for up to a year. The disorder is more common in men, and pain is usually centered around an eye.

Not all headaches fit neatly into these categories, however. Some patients, like Nellist, have what is known as co-existing migraine and tension-type headache (or "mixed headache," as it used to be called). Many experts are beginning to suspect that headache disorders fall along a continuum, with tension-type headache at one end and migraine at the other.

Dr. Brian E. Mondell, Nellist's physician and medical director of the Baltimore Headache Institute, agrees. He also believes that the causes of migraine and tension-type headaches—and perhaps others—may be similar. Tension-type headache used to be thought of solely as a muscle-contraction disorder, he says, but now it seems more likely that disturbances related to serotonin—a brain chemical that can cause inflammation of the blood vessels—play a role in both tension-type and migraine headaches.

Mondell also believes that people who develop headaches are genetically more "headache-prone" and that migraine isn't the only form of headache that has a hereditary component.

Regardless of family history, however, it is important that patients who suffer severe or long-standing headaches see a physician, Mondell says. The frequent use of aspirin and other painkillers can cause what is known as "analgesic rebound," a phenomenon that worsens or prolongs headaches.

And with the treatment options that are now available, working with a physician can help.

Christine K. Nowroozi is a free-lance writer in Washington, D.C.



# Direct Line

Experts answer our readers' questions about starting and running their businesses.

By Meg Whittemore

## SERVICES

### Starting A Collection Agency

I want to start a collection agency. Where do I start?

F.M.B., Montgomery, Ala.

The membership department at the American Collectors Association offers a \$10 membership information packet on starting a collection agency.

Included is a copy of *Collector*, the organization's monthly magazine on the industry, as well as brochures on insurance, bonding, check services, and education seminars.

A booklet titled *Starting and Managing a Collection Service* is part of the information packet. It covers choosing a location, establishing collection and record-keeping systems, buying equipment and supplies, soliciting accounts, and getting legal assistance.

For more information or to order the group's membership information packet, write or call the American Collectors Association, 4040 W. 70th St., P.O. Box 39106, Minneapolis, Minn. 55435; (612) 926-6547.



ILLUSTRATION: MARTIN VALLBERG

## PAPER RECYCLING

### Waste Not, Want Not

My small printing business produces a lot of excess paper that we would like to recycle. How do I contact a hauler, and what should I be asking for?

P.O., Springfield, Ill.

The National Office Paper Recycling Project, sponsored by the U.S. Conference of Mayors, offers a list of questions you should ask before signing up a recycling-hauling company:

- What type of paper do they collect?
- What is the minimum quantity required for each pickup?
- Will pickups be scheduled regularly?
- Will the hauler pay you for the paper?



■ Will the cost of the recycling service remain fixed or fluctuate with market prices?

■ Will recycling bins be provided? How many? How much will they cost? How much space is needed for them?

■ When does the contract expire?

For more information, write or call the National Office Paper Recycling Project, c/o The U.S. Conference of Mayors, 1620 Eye St., N.W., Sixth Floor, Washington, D.C. 20006; (202) 223-3088.

## TRADE SHOWS

### Hard Facts

I own a small manufacturing company, and I have been thinking about trying trade shows to make sales. Before I invest in a booth at a show, I'd like some hard facts about the effectiveness of trade shows. Any suggestions?

L.H., Butte, Mont.

The Trade Show Bureau, a research and information group based in Denver, recently published a book titled *A Guide to the U.S. Exposition Industry* (\$19.95), which offers a comprehensive look at the history, size, costs, marketing, and management of trade shows.

The book also covers emerging markets and trends within the industry, the top 25 trade shows in the country, exhibitor profiles, attendee profiles, and the cost-

## CANDLE MANUFACTURING

### Lighting The Way

I am interested in getting information about the candle business: manufacture, sales, and supply. Is there a group that can help?

P.L., Norman, Okla.

Eleanor Wulff, editor of *The Candle Lighter*, a monthly newsletter published by the International Guild of Candle Artisans, says a lot of people are getting involved in candle making. "Candles are booming," she says, "and we are getting members hopping on board from all over the place."

The candle guild has more than 500 members—mostly small, independent candle businesses or hobbyists.

The organization offers information on candle-making suppliers—companies that sell dyes, wicks, fragrances, and paraffin—and on wholesalers and small manufacturers.

Membership costs \$25 annually and includes a subscription to *The Candle Lighter*.

For more information, write or call Wulff at the International Guild of Candle Artisans, 867 Browning Ave. S., Salem, Ore. 97302; (503) 364-5475.

And for information on large manufacturers and suppliers, try the National Candle Association, 1200 G Street, N.W., Suite 760, Washington, D.C. 20005; (202) 393-1780.

effectiveness of trade shows. Sections profiling exhibitors and attendees highlight who they are, why they go to trade shows, and what they do.

The Trade Show Bureau also offers a free publications catalog that lists more than 120 research and marketing reports available for purchase. To place an order, or for more information, write or call the Trade Show Bureau, 1660 Lincoln St., Suite 2080, Denver, Colo. 80264-2001; (303) 860-7626.

## HOW TO ASK

Have a business-related question? Mail or fax your typewritten query to Direct Line, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000; (202) 463-3102. Writers will be identified only by initials and city. Questions may be edited for space.



## POOL MAINTENANCE

### In The Swim

I want to start a business that cleans and maintains swimming pools. How can I get information?

*L.C., Sioux Falls, S.D.*

The National Swimming Pool Foundation offers educational seminars on what is involved in starting and running a pool or spa business, including information on pool design, construction, maintenance, and management. The foundation also offers a free list of reference material, including booklets and audiocassettes, on what is involved in starting a pool-cleaning business.



To find out more about the seminars and the reference material, write or call the National Swimming Pool Foundation at 10803 Gulfdale, Suite 300, San Antonio, Texas 78216; (210) 525-1227.

The National Spa and Pool Institute also offers training materials aimed at

improving your business and technical skills, and sponsors managerial and technical seminars.

For more information, write or call the National Spa and Pool Institute at 2111 Eisenhower Ave., Alexandria, Va. 22314; (703) 838-0083.

## RETAILING

### Especially For Lefthanders

I am interested in opening a retail store for left-handed people. Do you have any advice on whom to contact for information on products that are made especially for lefties?

*J.C.K., Mount Pleasant, S.C.*

Lefthanders International, a trade organization based in Topeka, Kan., provides information and sells more than 100 items especially for the left-handed consumer through a catalog.

Carol Riddle, the group's marketing director, says the most popular items are those aimed at schoolchildren (spiral-bound notebooks and rulers) and kitchen use (can openers and scissors).

While Lefthanders International doesn't offer specific start-up information, Riddle invites you to contact her with your questions.

Write or call her at Lefthanders Inter-

national, P.O. Box 8249, Topeka, Kan. 66608; (913) 234-2177.

### The Big Picture

I run a mom-and-pop retail shop. Where can I get current facts on retailing to get an idea of where I stand relative to the whole industry?

*T.D., Port Huron, Mich.*

The National Retail Institute, Inc., the research arm of the National Retail Federation, a trade group based in Washington, D.C., publishes *Retail Industry Indicators*. Included in the publication are figures on sales, job growth, business failure, and hourly retail earnings.

The publication costs \$12.95 and may be ordered by sending a check or money order to the National Retail Institute, Inc., Liberty Place, 325 Seventh St., N.W., Suite 1000, Washington, D.C. 20004.

# Nation'sBusiness

## The Small Business Resource Guide

What You Need To Know About Starting, Running, and Growing Your Business

Revised  
and  
Expanded  
Edition

From The Editors  
OF DIRECT LINE

### The Small Business Resource Guide

What You Need To  
Know About Starting,  
Running, and Growing  
Your Business



Nation'sBusiness

This updated and expanded edition answers the most frequently asked questions to Direct Line, the popular advice column for small-business owners and managers. The 84-page guide provides the latest how-to information and expert advice on crucial business concerns such as:

- ◆ starting a business
- ◆ obtaining start-up capital
- ◆ complying with government regulations
- ◆ managing company benefits
- ◆ retailing
- ◆ exporting
- ◆ selling a business
- ◆ franchising
- ◆ trademarks/patents/copyrights
- ◆ marketing and much, much more.

The new edition of **The Small Business Resource Guide** also features a special section on Quality Management. This easy-to-use resource is ideal for owners and managers of new or established businesses.

Order Today! Only **\$9.97**  
plus \$2.00 for shipping/handling.

### Nation'sBusiness Order Form

Send to: Nation's Business, Circulation Department,  
1615 H Street, N.W., Washington, D.C. 20062-2000

ORDER TOLL-FREE 1-800-356-7500  
OR FAX 1-202-463-5641

#### Method of Payment

- ☐ Check enclosed for \$11.97. (Includes \$2 for shipping/handling)  
☐ Please bill my credit card  
☐ Visa ☐ MasterCard ☐ American Express

Card No. # \_\_\_\_\_ Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_

Name (Please Type or Print) \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_



## NEW REPRINTS



- ◆ The Power Of Employee Empowerment (#8962)
- ◆ Quality Standards That Can Open Doors (#8920)
- ◆ How To Get Your TQM Training On Track (#8917)
- ◆ Small Firms Put Quality First (#8888)
- ◆ Turn Your Workers Into A Team (#8896)
- ◆ Creator Of Quality Habits/Stephen R. Covey (#9015)

**Your Order Is 100% SATISFACTION GUARANTEED**



**COMING IN  
OCTOBER**



## A Closer Look At Multiple-Unit Franchising Operations

**O**ctober's special report on franchising will look at multiple-unit ownership in three categories: 2 to 25 units, 26 to 100 units, and more than 100.

Franchisors and franchisees will share their first-hand experiences in working together on multiple-unit operations.

This report is just part of our ongoing coverage of the many aspects of franchising. To learn more, subscribe to *Nation's Business*!

To subscribe,  
call 1-800-727-5869.

**Nation's Business**  
*The Small Business Adviser*

### Earn The Living You've Dreamed Of... Right In Your Own Dream House!

Live in a stunning Eagle's Nest home with design features not found elsewhere at twice the price.

Models as low as \$17 per sq. ft.



Earn \$5,000 to \$15,000 per home...

- Quality
- Design Flexibility
- Keep Present Employment

The only qualification you need is the ability to purchase or mortgage a \$25,000 model which may be finished as a home to live in, or sell, or completed as an office, condo, duplex, or other commercial enterprise.

For a FREE full color brochure:  
Call Mr. Nations at 1-800-579-1079 (24 hrs.)  
Fax: (404) 720-7605, or write:

**Eagle's Nest Homes, Inc.**  
205 Eagle's Nest Drive  
Canton, GA 30114-7972

Circle No. 31 on Reader Service Card

**NO TITLES.  
NO WINDOW  
OFFICES.  
JUST LOTS  
OF MONEY.**

Now that you're no longer impressed by company titles and great views, you should know we're seeking partners for our financially-oriented service business. There are no perks, just the potential to make lots of money in our multi-billion dollar industry. With just a \$12K start-up fee from you and lots of support from us, you'll operate full or part-time with a computer from your home. For more info and free video, call Larry Morgan at (800)442-3390, M-F, 9-5 CST.



## Why Are You Working For Someone Else?

You can now earn \$4,000 to \$10,000 per month performing needed services for your community from your home with a computer. Over the last 11 years we have developed 25 different services that are now being performed by couples and individuals all over the United States. You can start earning money immediately. No experience is necessary. You don't have to own or know how to run a computer. We provide training. Working for someone else will not get you and your family what you deserve.

Call:

**1-800-343-8014, ext. 1671**

and we will send you FREE, two cassette tapes and a full-color information package that will show you how to start your own business immediately. Financing available.

**Computer Business Services, Inc.**  
CBSI Plaza, Ste. 1671, Sheridan, Indiana 46069





# Nation's Business Classified Ads

## CLASSIFIED RATES AND INFORMATION

To place a classified ad CALL TOLL FREE, 800-424-6746 (in Washington, DC call 463-5640) FAX: 202-463-3102 or write Nation's Business Classified, PO Box 1200, Washington, DC 20013. Closing date for advertising is five weeks preceding date of issue. Rates are based on frequency at a per line per insert cost as follows:

1x	3x	6x	12x	— frequency
\$82	\$55	\$48	\$34	— line rate
\$870	\$775	\$675	\$460	— per inch display

Ad minimums: solid set, 3 lines; display, 1 inch.

## How To Reply To Box Numbers

Box (number in ad),  
Nation's Business Classified,  
PO Box 1200, Washington, DC 20013.

## AUTOMOTIVE

SEIZED CARS: trucks, boats, 4-wheelers, motorhomes, by GSA, IRS, DEA. Nationwide auction listings available. Call 1-800-436-4363 Ext. C-1389.

## BOOKS/PUBLICATIONS

DO YOU HAVE A BOOK TO PUBLISH? Contact established co-operative publisher with offices in USA, England, & Scotland. Call Portland Press, Inc. 1-800-948-2786.

## BUILDINGS

STEEL BUILDINGS: From HERITAGE, delivered to your jobsite ready to bolt together. 5000 sizes, build it yourself and SAVE. Call with your building size. 1-800-643-2555. Heritage Building Systems, P.O. Box 470, N. Little Rock, AR 72115-0470.

## BUSINESS FINANCING

INVESTORS SEEK GROWING COMPANY  
NEEDING INVESTMENT \$\$\$  
(512) 794-9388 ext. 438

ATEL BUSINESS CREDIT, INC.  
FINANCING ALL TYPES OF EQUIPMENT  
SPECIALIZING IN VENDOR PROGRAMS 800-463-4222

## Do-It-Yourself IPO

Go public & raise capital without paying a lawyer. Two new products show you how. 1. Manual shows you how to quickly & inexpensively go public under new SCOR rules. 2. Database of private placement & IPO underwriters shows you where to find investors for your deals. Call 800-580-1188

## BUSINESS OPPORTUNITIES

LET THE GOVERNMENT FINANCE your small business. Grants/loans to \$200,000.00. Free recorded message: 707-449-8600 (H52)

## BUSINESS OPPORTUNITIES

Arab Businessmen Have The MONEY TO BUY & INVEST. Top finder's fees paid. Dept. 99-461, IMEA, 419 N. Newport Blvd., Ste. E, Newport Beach, CA 92663-4271.

JOIN THE HOMETEAM! Home inspections are booming. Join one of the fastest growing franchises in the industry. Low investment/training provided. 800-598-5297.

OWN YOUR OWN apparel, shoe, or crystal/gift store. \$15,900 to \$33,900 includes inventory, fixtures, buying trip, training, more. Call Liberty Fashions, anytime. Ask for Paul Kosticky (501)327-8031.

PAST DUE CHILD SUPPORT: Our turnkey operations manual gives you the tools necessary to enter this multi-billion \$ market. Consulting & collection assistance also available. Call 1-800-796-KIDS.

EARN EXTRA CASH EVERY MONTH: Start your business with a \$10 Starter Package & begin setting elegant lines of Quality Fashion Jewelry immediately. Please write us for free information about Distributor opportunities: JEWELQUEST, PO Box 749, Great Falls, VA 22066.

IF YOU CAN TRAIN & MOTIVATE OTHERS: The world's fastest growing company has opportunity waiting for you in High Tech Consumer Electronics. If you are MONEY motivated entrepreneur w/contacts all the US, Europe & Mexico, call 1-800-499-3161.

## INCREASE SALES WITH 800 LINE AND CREDIT CARDS

Our TeleRep™ 800 Sales Response Center answers 800 lines, sells products, stores/ships & then pays you via receipts from major credit cards. Call 800-638-2000, Canada call 800-678-4560. Over 20 years of successful selling for others!

## FOUND: LOST MONEY!

INC. 500 Co. will show you how to make big money recovering hidden overcharges in leases, freight, utility, and phone bills for businesses. Perfect PT/FT home business. NO EXPER. REQ. Under \$7K start-up. Free info kit. CALL NOW! 1-800-962-0177.

## Steel Framed Homes for LASTING VALUE



- ◆ 9" (R-30) Insulation for BIG Energy Savings
- ◆ Unmatched Protection from High Wind, Fire, Termites, Heavy Snows and Earthquakes
- ◆ American-Made Steel (over 66% Recycled)

## DISTRIBUTORS WANTED

- ◆ Join the 18-year Industry Leader with Homes in all 50 States and 26 Countries
- ◆ Simple, Bolt-Together Frame Construction
- ◆ Refundable Investment ◆ No Franchise Fee
- ◆ No Experience Needed ◆ Hands-on Training

Call for FREE Info Pack or 9" VIDEO

**1-800-TRI-STEEL**

(800)674-1833 (817)497-7070 Fax (817)497-7487  
5400 S. Shoppmans Hwy., Dallas, TX 75235



## BUSINESS OPPORTUNITIES

HOME IMPORT MAIL ORDER BUSINESS. Start without capital. FREE REPORT. Mellinger, Dept. C1559, Woodland Hills, California 91367.

SOFTSIDED HOT TUB RENTAL BUSINESS!  
NO SELLING, EASY BUSINESS!  
800-308-0028

FREE INVENTION PACKAGE: Davison & Associates offers customized Development, Patenting & Licensing of new products & ideas. Proven results: 1-800-677-6382.

DISTRIBUTORS NEEDED - BIG PROFITS: Miniature satellite antennas for Homes, RV's, Business. \$1800 Refundable Deposit Required. 1-800-866-5008

STEPS FOR SUCCESS, easy to follow workbook and guide to starting your own business in your home. \$16.95 (inc. tax, ship.) CAP-AD, Box 646, Waverly, IA 50677. 319-352-4537.

CAPITALIZE ON CRIME! Earn amazing profits on full line of crime prevention products that sell like crazy! Free wholesale catalog. 800-735-1797, P.O. Box 10154, #148, Yakima, WA 98909.

MONEY MAKING MACHINE! Outmate machine installs beautiful concrete lawn edging. Customers love this new product. Amazing profits from this simple cash business. 801-362-7509.

#1 MONEY MAKER Spare Time! No selling! No inventory! Publicly documented seven week \$19,910 income! Free audio cassette and Report reveal everything. Real Money, 333-NB9 SW 5th Street, Grants Pass, OR 97526.

THAILAND—AUSTRALIA—GREAT BRITAIN: Network marketing company opening internationally with herbal health drink. Your contact there can mean financial freedom for you. 1-800-826-4231.

MAILORDER OPPORTUNITY! Start profitable home business in America's fastest growing industry. Nationally known authority will teach you. Write for free book, sample catalog, plus details. No obligation. Mail Order Associates, Dept. 72, Montvale, NJ 07645.

\$100,000+/year. Business Funding Consultants needed. Established network. Business/Medical accounts receivable. Commercial Real Estate, Equipment Leasing. Huge finder's fees. Mr. Clark, Dept. NB, Two University Plaza, Suite 402, Hackensack, NJ 07601. 201-342-8500.

MAKE YOUR DREAM COME TRUE. EARN \$75,000 YEARLY REPAIRING, NOT REPLACING, SMALL CRACKS IN WINDSHIELDS. TOLL FREE 1-800-826-6533 (US/Canada) or write GLASS MECHANIX, 4555 NW 103 Ave., Ft. Lauderdale, FL 33351.

## THOUSANDS OF BUSINESSES

1994 Franchise Annual Directory describes 5,024 franchisees. Pros & cons. 374 new franchises! 25th Anniversary Edition. When you buy a franchise, you buy risk-reduction. \$38.95 inclusive. Money Back Guarantee. INFO-FRANCHISE NEWS, 726A Center St., Lewiston, NY 14092. VISA/MC. 716-754-4669.

## BUSINESS SERVICES

SPORTS TICKETS  
PREFERRED TICKETS 800-925-2500



## BUSINESS SERVICES

ACCEPT MAJOR CREDIT CARDS  
LOWEST RATES, EASY START UP  
1-800-432-2992, Ext. 500

Decrease Worker's Comp Costs/Increase Employee Productivity. Make your office ERGONOMICALLY CORRECT AND SAVE \$\$\$! Call now for free catalog: 800-554-ERGO

GET PAID NOW! The best kept secret for collecting past due accounts & bad checks. Call 1-800-569-4923 for a FREE RECORDED MESSAGE 24 Hours and FREE REPORT

YOUR COMPANY LOGO IN BRASS  
Impressive wall logos of brass, chrome, or other cost effective finishes. Free estimates. METAL LOGOS, INC.  
402-339-3264

## WORKER'S COMP ALTERNATIVE

### MID ATLANTIC CONSULTANTS, INC.

Introducing a Unique Alternative  
for Worker's Compensation for  
Large and Small Companies.  
Offices Coast to Coast.

Call for Free Information:  
(214) 259-1022 FAX (214) 259-2214

## BUY IT WHOLESALE

WHOLESALE SOURCES-Direct Factory Suppliers. 29,430 American, Mexican, & Oriental products. All types, no retail. Write: Crestco-NB49, 668 Main St., Wilmington, MA 01897.

## CARPET

CARPET-VINYL-HARDWOOD-BRAIDED & CUSTOM RUGS-ORIENTALS. Mid-direct. Look No Further. Guar. Lowest Prices. Warranties. Free Quotes/samples 800-548-5815. Dalton, GA.

CARPET—Save up to 50% & more on major brands. We also manufacture our own beautiful styles. For information & samples, call 1-800-848-7747, Ext. 45. Dalton, Georgia.

## CAREER OPPORTUNITIES

BECOME A HOME INSPECTOR  
APPROVED HOME STUDY. FREE Literature. ITC D.I., Atlanta, Georgia. 800-362-7070, Dept. PPK637.

## COMPUTER SOFTWARE

FLEX PLAN ADMINISTRATION SOFTWARE  
Complete administration system for any size organization. ONLY \$699.95 Do-It-Yourself and SAVE!  
FREE DEMO 800-447-1690

## CONSULTING SERVICES

LOU LITROFSKY & ASSOCIATES, INC.  
GENERAL MANAGEMENT CONSULTANTS  
CALL FOR FREE INFORMATION 708-831-6606

## EDUCATION

COMPLETE YOUR COLLEGE DEGREES AT HOME!  
Approved, self-paced, economical Associate, Bachelors, Masters, Doctorates. Business Administration (Health Care, International Business, Human Resources, MIS), JOLaw, Psychology, Technology Management. Southern California University for Professional Studies, 302 Fashion-NA, Tustin, CA 92680. 800-477-2254

## EDUCATION

"FREE VIDEO" External BA/BS, MS/MBA, PHD/LAW - Accredited, financial aid. 800-937-2456 LASALLE UNIVERSITY Dept. 9615, Mandeville, LA 70470-4000

FINISH BAMS/MBA/PHD by con. CityUnivLA, 3960 Wishie Blvd., LA, CA 90010. New College Drop-Outs Program. Call for immediate discussion: 800-262-8368/213-282-3801

ENTREPRENEURS-Train, upgrade, retire with new skills. Alcohol-Drug Counselor, Hypnotherapist, Cancer Outreach Consultant, Life Skills Coach. Above average income. Free information package. 1-800-661-2099

PARALEGAL GRADED CURRICULUM. Approved home study. Most affordable & comprehensive. 100 years of legal training. FREE CATALOG. 1-800-826-9226. BLACKSTONE SCHOOL OF LAW, P.O. Box 871449, Dept. NB, Dallas, TX 75287.

BACHELORS, MASTERS, DOCTORAL DEGREES  
Non-residential programs. Send resume, mention Academic Field, and we'll tell you the credits you've already earned from work experience. No Obligation. SOUTHWEST UNIVERSITY, 2200 Veterans Blvd., Kanner, LA 70062. (800) 433-5925 or 433-5923

## EMPLOYMENT

EXCELLENT EXTRA INCOME! Assemble easy products at home. Easy & fun to do! Nation's most reputable program. Guaranteed! Information: 1-800-377-6000, Ext. 6560.

## FRANCHISE OPPORTUNITIES/SERVICES

FRANCHISE YOUR BUSINESS  
With the leading consulting firm in the country  
McGROW CONSULTING (800) 368-8011

Franchise Your Business  
20+ Years Experience  
National Franchise Associates, Inc.  
800-377-7478

## HEALTH/FITNESS

"ALLEViate BACK PAIN" BACKSAVER™ Support Belt  
Is Designed to Reduce Strain & Injuries at Work & Play  
\$23.95 Plus S&H (800) 290-0265. Workman Comp Compliant

## HOME/OFFICE FURNISHINGS

TREMENDOUS SAVINGS ON MAJOR BRANDS OF FURNITURE  
Call or write Loftin-Black Furniture Co.  
111 Sedgehill Dr., Thomasville, NC 27360  
CALL TOLL FREE 1-800-334-7398  
(In N.C. call 816-472-6117)  
NATIONWIDE HOME DELIVERY

## IMPORT/EXPORT

DEVELOP OR EXPAND EXP-IMP. Buy/Sell/Agent. Business fast & cheaply. Updated Guide: \$20 or free details. Grist Mktg., 8A Duncan Drive, S. Deerfield, MA 01373.

EXPORTING! EXPORTING! EXPORTING! Guides & Assistance from the US Government. For info send \$5.95 to 4KP, 1412-B East Blvd. Ste. 144, Charlotte, NC 28203

NECKTIES-LEADING NECKWEAR MAKER  
TREMENDOUS OPPORTUNITIES FOR HIGH VOLUME SALES AND PROFIT. CALL 609-423-2342

## INVENTIONS

INVENTION, IDEA, NEW PRODUCT ASSISTANCE  
Presentation to industry. National exposition.  
1-800-286-IDEA

INVENTORS! Can you patent and profit from your ideas? Call AMERICAN INVENTORS CORP. for free information. Serving inventors since 1975. 1-800-338-5656

## LEGAL SERVICES

PATENT & TRADEMARK ATTORNEY in Boulder, CO provides quality patent & trademark services for individuals & companies nationwide via mail at affordable fixed fees. John Flanagan. 303-449-0884/Fax 303-449-3532 for free info. about services.

## MAIL ORDER

MILLIONAIRE Mailorder Expert Reveals Money-Making Secrets! Free, exciting hour cassette. Melvin Powers, 12015 Sherman Rd. No. Hollywood, CA 91605. (818) 765-8618

## PREMIUMS & INCENTIVE GIFTS

FINE DINING IS THE PERFECT GIFT. Premium or incentive... giving it is now as easy as sending flowers. Fine participating restaurants nationwide. Gift certificates are customized with your logo & personal greeting. Call Gift Certificates America. 1-800-ONE-WELL (346-2935)

## PERSONALIZED LABEL IMPORTED

CHAMPAGNE  
*The Gift of Good Taste*

FULL SIZE - LESS THAN \$10  
SPILTS - LESS THAN \$4  
Personalized with your message, greeting or logo  
Wine and non-alcoholic champagne also available.

CALL OR FAX:  
Private Cellars, Ltd.  
2623 North Chase Parkway  
Wilmington, NC 28405

800-800-4436 • FAX 919-791-1066



## REAL ESTATE

REPOSSESSED & IRS FORECLOSED HOMES Available for pennies on the \$! Also S&H, bailout properties. You repair or gov't financed! Call 1-800-436-4362 Ext. H-1667.

## TECH SUPPORT

Cash Register Programming & Problem Solving is ONLY a Call Away. 1-800-555-2635. 95¢ 1st Min/\$3.25 ea/add'l. M-F 8:30-18:00 PST. Also Broker Cash Register No Add. Fee.

## TELECOMMUNICATIONS

13MINUTE 800 NUMBER 24 HOURS  
None Better/Proven Reliable. 100% FiberOptic/Digital  
GOOD DEAL. Check it out. Free Info. 800-564-4348

## WATCHES

REPLICA SWISS WATCHES  
18K Goldplated! Lowest Prices! 2 Year Warranty! Heavy Weight! (404) 682-0609

**Timely Reminder**

**Special Sampler Offer—Just \$19.50.**  
For our deluxe logo watch. Never-fade guarantee.  
Lifetime warranty. Specify man's or woman's size.  
Send your color logo on stationery or business card and \$19.50 per watch (plus sales tax in CA only).  
Limit: 5 per customer. Order now.

**GREAT American IMAGES**

One Waters Park Drive  
Suite 213-4B  
San Mateo, CA 94403  
Tel. 415-358-0800  
Fax. 415-358-0543





PHOTO: UNIBERT/LEWELYN

## On 1994 Elections

**Background:** Voters in all 50 states will choose U.S. representatives in the election Nov. 8. Those in 34 states will elect 35 U.S. senators, and those in 36 will decide contests for governor. Republicans want to cast the off-year voting as a referendum on President Clinton's record. Democrats generally want to be evaluated on their own performances. These questions ask how you will approach the 1994 elections.

Results of this poll will be forwarded to administration and congressional officials. Send the attached, postage-paid response card. Or circle your answers below and fax this page to (202) 463-5636.

1

What will determine your choices in this year's congressional election?

1. Opposition to President Clinton's policies
2. Support of President Clinton's policies
3. Relative abilities of candidates
4. Traditional party loyalties

4

If your state is electing a governor, do you intend to vote for the incumbent (or for the incumbent's party if he or she is not running)?

1. Yes
2. No
3. Undecided

2

Will you vote for your incumbent U.S. representative (or for the incumbent's party if he or she is not running)?

1. Yes
2. No
3. Undecided

5

How will your vote in the 1994 congressional elections compare with your 1992 choices?

1. Shift from Democrat to Republican
2. Shift from Republican to Democrat
3. Stay Democratic
4. Stay Republican

3

If your state is electing a U.S. senator, will you vote for the incumbent (or for the incumbent's party if he or she is not running)?

1. Yes
2. No
3. Undecided

6

Unhealthy gridlock can result when different political parties control the White House and Congress. Another opinion holds that the mutual restraint is desirable. What is your view?

1. Unhealthy gridlock
2. Desirable restraint
3. No opinion

**Send Your Response Today!**



## POLL RESULTS

# Readers' Views On Civil Penalties

**S**trong opposition to a proposal that would sharply increase federal civil penalties and guarantee continuing increases thereafter was expressed by readers responding to a *Nation's Business* poll.

The survey, in the July issue, sought their views on legislation pending in Congress. Under the measure, federal civil penalties would be raised to cover inflation since the fines were first imposed—or since last increased—and they would go up automatically with the Consumer Price Index.

The penalties that would be affected are assessed for violations of federal rules and regulations covering a broad range of business activity. Advocates of an immediate boost and then continuing increases argue that inflation has eroded the deterrent effect of many of the penalties and that those penalties need to be brought in line with present dollar values if they are to be effective.

Opponents maintain that sponsors of the increases view the penalties as backdoor tax increases that let Congress avoid the political risks associated with direct votes to raise revenues. They also hold that, rather than increase penalties, Congress should review the underlying rules and regulations to identify those that have outlived their usefulness and that could be scrapped or moderated without harm to the public interest.

Among other views readers expressed in their responses was strong agreement that the indexing plan is a tax-increase proposal in disguise. They also rejected the argument that raising the level of the monetary penalties is needed to preserve their deterrent effect.

Here are the complete results of the survey:

## CIVIL PENALTIES

■ Should federal civil penalties be raised to reflect inflation since the fine was first set or last adjusted?	1. Yes	24%
	2. No	72
	3. No opinion	4
■ Should these fines go up automatically in future years in line with the cost of living?	1. Yes	22%
	2. No	75
	3. No opinion	3
■ Is raising the amount of fines a proper way for the U.S. government to increase its revenue collections?	1. Yes	15%
	2. No	82
	3. No opinion	3
■ If Congress rejects indexing, which of these steps should it then take?		
1. Periodic reviews of each penalty to determine which should be raised		18%
2. Periodic reviews to determine which should be eliminated		18
3. Let agencies adjust penalties under their respective jurisdictions		7
4. Rely on incentives more than on penalties		57
■ Some opponents of the indexing plan argue that it is actually a disguised tax increase. What is your view?	1. Agree	80%
	2. Disagree	15
	3. No opinion	5
■ Advocates of indexing federal civil penalties to inflation say it is necessary to preserve their deterrent effect. What is your view?	1. Agree	22%
	2. Disagree	72
	3. No opinion	6

## ADVERTISERS

Send For  
Free  
Information

The following advertisers would like to send you free information about the products and services advertised in this month's *Nation's Business*.

- 37 Cessna Aircraft Co.
- 15 Compaq
- 31 Eagles Nest Homes
- 13 Executive Seminars in Sound
- 44 Family Business Audio Program
- 18 General Accident
- 2 IBM Corp.
- 49 Mita Copiers
- 5 Royal Copystar
- 30 Ryder Truck Rental
- 4 So. Central Bell Small Business Services
- 3 Southern Bell Small Business Services
- 6 United States Postal Service
- 10 Varco-Pruden Buildings

Please circle your selections.

Fill out this coupon if you fax your response.

Name \_\_\_\_\_ Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Mail to: *Nation's Business*, 1615 H Street, N.W.,  
Washington, D.C. 20062-2000 • FAX to: 202/463-5636



# For Your Tax File

*How to keep taxes from trapping you.*

By Albert B. Ellentuck

## DEDUCTIONS

### Turning A Hobby Into A Business

A small-business person with an expensive hobby may want to see if it can be turned into a side-line business to reap tax benefits.

If an activity is considered a hobby rather than a business, expenses related to the hobby are deductible only against the income from that activity. If the hobby isn't profitable, its losses cannot be offset against other income. With a business, however, the losses associated with it are deductible against an individual's other income.

The general IRS rule is that an activity can be presumed to be a hobby if it has earned a profit in no more than two of the past five years. This presumption shifts the burden of proof to the taxpayer from the Internal Revenue Service.

Even if there are three or more years of losses, you can still have the activity



PHOTO: CHARLES DUTTON—GRIFFITH

*Hobbyists can enjoy some important tax benefits by launching a related part-time business.*

classified as a business, but you must prove that there is an "intent" to show a profit. Then the losses of your activity can be offset against your other income.

But how do you prove intent? The IRS uses several tests developed by the courts to help identify activities as either businesses or hobbies. At the outset, an

activity having recreational aspects, such as stamp collecting or crafts, will be scrutinized by the IRS, and you will have to take pains to show that the activity is a business.

There are, however, a number of factors that can help convince the IRS, such as devoting substantial amounts of time and effort to the activity compared with a minor, part-time hobby. Other factors include maintaining proper records, filing proper governmental forms, and having significant prospects for success in turning the activity into a profitable one.

Keep in mind that the IRS does not have a precise test for determining whether an activity is a hobby or a business. All of the circumstances of a particular case, including those mentioned here, bear on whether the taxpayer intends to operate the activity as a business or a hobby.

## MEDICAL EXPENSES

### A Potential Break For Sole Proprietors

Because medical expenses are deductible only to the extent that they exceed 7.5 percent of adjusted gross income, most taxpayers don't qualify for this deduction.

But self-employed persons, sole proprietors, and partners got a special break from Congress in legislation passed in 1986 and were allowed to deduct up to 25 percent of medical and dental insurance premiums paid for coverage for themselves and their families; the deduction was not subject to the 7.5 percent floor.

This provision, which lawmakers have already extended retroactively once, has expired for the tax years beginning after 1993. Although there is a good chance that

the tax break will be renewed again, it is not certain.

Thus, self-employed individuals should be aware of some strategies for increasing their deductions for health-insurance premiums. For example, if a sole proprietor decides to incorporate, all of the medical-insurance premiums paid by the corporation would then be deductible by the corporation and not includable in the owner's income. This would amount to a 100 percent deduction for medical expenses. Of course, there are many other factors to consider before incorporating.

A recent IRS ruling may allow a similar break for sole proprietors and partners. In that ruling, a sole proprietor employed her husband to work in her business. The husband was compensated for the work he performed and was issued a W-2 form for the wages. The sole proprietor adopted a self-insured medical-reimbursement plan and reimbursed the husband's medical expenses, including the cost of health-insurance premiums paid by the husband on behalf of his family, which included his wife, the employer.

The IRS allowed the sole proprietor to deduct the cost of these reimbursements,

and the husband was not required to include the reimbursement in income. In this way, they received a 100 percent deduction for medical expenses.

Keep in mind that the ruling is a private one and cannot be applied in all cases. Nevertheless, it shows how the IRS is thinking about this problem.

Note also that this was a self-insured plan that worked well in this situation. If there were more employees, however, the sole proprietor would have to offer the plan to them as well.

As an alternative, the sole proprietor could adopt an insured plan that would allow her to cover only the husband. There is no nondiscrimination requirement for an insured plan.

Compensation paid to the spouse is subject to additional payroll levies, including Social Security and Medicare taxes. But a spouse's wages are exempt from the federal unemployment tax and most state unemployment taxes.

In any event, the tax savings in obtaining the medical-expense deduction usually outweigh those additional costs. Check with your accountant to help make this determination.



*Tax lawyer Albert B. Ellentuck is counsel to the Washington, D.C., law firm of King & Nordlinger. Readers should see tax and legal advisers on specific cases.*



# Editorials

## Basic Flaws In The Clinton Health-Care-Reform Plan

Addressing a joint session of Congress nearly a year ago, President Clinton assailed the nation's health-care system as "badly broken."

"[It] just doesn't work for too many people," he said. "There is no excuse for this kind of system."

His proposed antidote was a plan that would, if approved, affect every American, make sweeping changes in an area comprising 14 percent of the economy, establish a vast new federal bureaucracy, and impose billions of dollars in added business costs.

As the debate over health-care reform developed over the past year, it became apparent that the president was wrong on two fundamentals—his analysis of the problem and his proposed solution.

This country's health-care system has problems but is not broken. It is the best in the world, and some 85 percent of Americans are satisfied with the way it works for them. It does not need the radical overhaul envisioned in the Clinton plan.

Congress is now in the decision stage. It should reject the extremism of the Clinton plan and its various clones and deal with aspects of the health-care system that legitimately need attention.

Lawmakers should make coverage widely available and portable from job to job, cut administrative costs, authorize voluntary pools for buying coverage, increase



PHOTO: GUNHEISE BELL—FOLIO, INC.

consumers' ability to make informed choices, and curb the malpractice suits that force physicians to practice defensive medicine.

Those elements are contained in a bill sponsored by Senate Minority Leader Bob Dole, R-Kan., and Sen. Bob Packwood, R-Ore. It has strong support from business and meets the principal concerns of health-care consumers.

Congress can make a major contribution to the physical and economic well-being of the American public by passing a bill that recognizes both the great strengths of the nation's health-care system and the areas where improvement is needed.

## Keeping The Balance

A delicate balance between labor and management interests has endured for 60 years, thanks to basic U.S. labor law, which encourages compromise, cooperation, and conciliation. A move that would have substituted instability, confrontation, and conflict for that arrangement was made in Congress this year, and, fortunately, it failed.

It came in the form of legislation to prevent employers from replacing strikers who left their jobs for economic reasons. Because passage would have meant more and longer strikes harmful to employers, employees, and the economy, business was unequivocally opposed to the bill.

The chief legislative tactician in blocking passage was Sen. Orrin Hatch, R-Utah, a veteran of the battle to preserve an equitable balance in U.S. labor law. A recently published biography of Hatch, *Leading the Charge* (Gold Leaf Press), recalls his successful efforts in 1978 against a



PHOTO: T. MICHAEL KILKA

Sen. Orrin Hatch

bill specifically designed to make it easier for unions to recruit members and harder for employers to resist organization drives.

Hatch said at the time: "A delicate balance has emerged [in labor relations] which worked quite well, and I didn't think it should be upset by slanting the process completely in favor of one side or the other."

All Americans concerned about maintaining a free society—and that includes both employees and employers—should appreciate the senator's continuing commitment to that principle.



*Bill Borders, President Las Vegas Auto Parts Las Vegas, Nevada.*

---



**"IT'S MORE THAN JUST  
IT'S MY SILENT PARTNER"**





ST A TRUCK,  
RTNER."

When it comes to reliable business partners, there's one that you can always count on: the Safari cargo van from GMC Truck. Safari comes with all of the strength and reliability that made GMC Truck famous. But there's so much more.

#### **VERSATILITY MEANS PRODUCTIVITY.**

Safari has the highest and widest side and rear door openings in its class and an extended 189.8-inch overall body length, which translates into up to 170 square feet of interior cargo space. Safari is available in both rear-wheel-drive and all-wheel-drive models, with payloads of up to 1986 lbs and a towing capacity of up to 5500 lbs, when properly equipped.

#### **MORE POWER MEANS MORE BUSINESS.**

A smoother, quieter 4.3L central-port-injected V6 engine is standard and generates 190 horsepower. Also standard is a 4L60-E four-speed automatic transmission. You'll also find air conditioning, plus a four-wheel antilock brake system and driver's side facial air bag on each and every Safari. All of which add to the truck's reliability and performance.



THE 4.3L VORTEC V6 ENGINE OFFERS 190HP AND 240 LB-FT OF TORQUE.

#### **WORK GETS DONE. MONEY GETS MADE.**

When you get right down to it, your bottom line is where the value of your work vehicles is judged. With Safari, you have a van that has the ability to move plenty of cargo or plenty of people. Not to mention providing plenty of uptime. All this adds dependability and reliability to your bottom line.

If you'd like more information about GMC Safari or any other vehicle from GMC Truck, call us at 1-800-GMC-TRUCK (1-800-462-8782). We'll be happy to show you why the best business partner to have is the one that never says a word.



OVER 2100 GMC TRUCK DEALERS  
SERVICE SAFARI NATIONWIDE.



**SAFARI**  
THE STRENGTH OF EXPERIENCE

©1994 GM Corp. All rights reserved. GM, GMC, GMC Truck, Safari and the GMC Truck logo are registered trademarks of General Motors Corporation. Buckle up, America!





TO FULLY UNDERSTAND THE DIFFERENCE BETWEEN  
INSURANCE COMPANIES, YOU COULD GO  
THROUGH THIS AD. OR GO THROUGH SHEER HELL.



As anyone who's faced disaster certainly knows, some insurance companies go out of their way to help you pick up the pieces. And some will leave your temper smoldering. To avoid making the wrong choice, you have to select a company for its service. Its reliability. And most importantly, its solvency. So you can be certain it's not only willing to pay its claims, but able.

Look up General Accident Insurance in your Yellow Pages and call your Independent Agent about our entire line of commercial insurance products. You'll find we have over \$5.6 billion in assets. And that we have an A+ (Superior) rating from A.M. Best, a nationally recognized insurance rating service. And when the heat is on, that kind of security can help you keep a cool head.

**GA** GENERAL  
ACCIDENT  
INSURANCE  
*We'll See You Through*